

**zerowork**

**Political Materials 2**

## EDITORIAL COLLECTIVE

Paolo Carpignano  
Harry Cleaver  
Peter Linebaugh  
Phil Mattera

Bruno Ramirez  
John Merrington  
Christian Marazzi  
Bruno Cartosio

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Address correspondence to:  
**ZEROWORK**  
Apartment 7  
417 East 65 th Street  
New York, New York 10021

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## Political Materials 2

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# INTRODUCTION

The aim of the first issue of *ZEROWORK*, which appeared last year, was to begin to provide an analysis of the present crisis from the point of view of the working class. The crisis, we maintained, was generated through a cycle of working class struggle in which capital's postwar Keynesian strategy of planned development was undermined—struggle which occurred throughout the world but which we traced in North America and Western Europe. Beginning with an expanded notion of the working class—one that included the unwaged as well as the waged—we set out to examine the new forms of its activity in the wage struggle, resistance to productivity drives, the battle for autonomy from its official organizations, and the creation of new relations between the employed and the unemployed, the waged and the unwaged, and among the different sectors in each of these groups. The totality of this activity we termed the *refusal of work*. In looking, in particular, at the struggles of state workers, welfare recipients, auto workers, postal workers, coal miners, students, and housewives, we sought to show how the content, direction, and interaction of these insurgencies posed not simply another cyclical dysfunction of the system, but a *historical* crisis of capital itself.

In this second issue we continue to develop this analysis with special emphasis on the international character of both the cycle of struggle and capital's response to it, its counteroffensive. Our implicit aim throughout the articles is to determine the *composition* of the international working class in the context of the *circulation of struggle* from sector to sector, and from place to place around the world. This is not simply a question of labor and capital mobility or internationalization as such but the simultaneous *political recomposition* of the global working class and the restructuring of world capital in the crisis—by which we mean the new ways in which workers everywhere are imposing *their* needs on capital and the ways in which capital is creating new forms of accumulation in which those needs are either incorporated or smashed.

Few would question that the crisis has been developing on a world scale and that capital has been using this critical phase to try to impose a new international "order." But invariably this is depicted as a question of confrontations and deals among *countries*, or groups of countries—whether industrially "advanced," "developing," "underdeveloped," or "socialist"—concerning terms of trade, international credit, foreign aid, etc. This has been the starting point of all theories of imperialism, whether liberal, radical, or "Marxist"; and there is thus a tendency to claim that the real class struggle of today is the essentially diplomatic effort of the progressive governments of the Third World (and now the Fourth World, etc.) to

bring about a New International Economic Order in which the injustices of the global market would be rectified through development. And the issue of imperialism becomes, on the one hand, endless, esoteric discussion of modes of production and forms of dependency, and on the other, lamentations for the death (or at least the limits) of class struggle in the "advanced" countries. For development in those countries is understood as a matter of class collaboration, while the real victims of exploitation—now equated with underdevelopment—are seen to be the national economies of the Third World. The final step is to declare the workers of the Third World to be partners with the state in the quest for national self-sufficiency—ironically putting them in the same position as their counterparts in the West supposedly ended up in: cooperating with capital for the sake of development, except that in one case that development is called capitalist accumulation on a world scale, and in the other, socialist accumulation. And it is thus no surprise that there is widespread agreement, from the liberal wing of Western capital to the most ardent Third Worldists, on the prescription for curing underdevelopment: the promotion of labor-intensive production, in other words, putting people to work productively—just as, in the West, the solution posed for the crisis of capital is full employment.

It is indeed difficult to break through this perspective, through the ideologies of national liberation, economic nationalism, and socialist reconstruction—but it must be done, and this second issue of *ZEROWORK* is a contribution to that effort. In putting forth class struggle as the pivot of the international dynamics of capital, we find ourselves fundamentally at odds with the theories-of-imperialism tradition, beginning with the question of the origins of imperialist expansion. Not only do we reject the notion that its basis was some sort of class accommodation in the West, we maintain that the growth of foreign investment, especially by the U.S. in the past 30 years, was precisely a response to the *intensification* of domestic class struggle before and after World War II, especially in sectors such as coal, rubber, and transportation. The coupling of U.S. postwar reconversion with the stabilization and penetration of Western Europe and ex-colonial Asia and Africa was the technique by which capital sought to undercut workers' power everywhere through the creation of an international hierarchy of wages, on the basis of which the most powerful sectors of the class could be held in check by capital's mobility, and the *conditions of entry* of new peasant groups into the multinational factory could be better controlled.

The limitations of the cycle of growth founded on this strategy—Western Europe and Japan were the main beneficiaries—led to a new Development Decade in the 1960's based on investment in productivity-raising technologies and "human capital." Yet this strategy too was violently checked by an upsurge of struggle in which guerrilla movements across the world—but especially in Southeast Asia—along with insurgency among the unwaged (women, blacks, students, etc.) in the West posed a massive refusal of the development being offered. By the 1970's, this situation had created a profound international crisis for capital, forcing it to seek new forms of repression and restructuring of the global system—a new structure

of development and underdevelopment in which the Third World as such would begin to disappear.

As the international circulation of working class struggle accelerated, and as capital in response became more and more a planned, integrated world system, underdevelopment increasingly came to be no longer identified with certain geographical areas. Not only was underdevelopment not an original state, a condition to be overcome through "modernization"—it was no longer simply a function of the interaction of national economies, of a metropole and peripheries. As the focus of the class struggle everywhere began moving away from national development—whether capitalist or socialist—to the refusal of work and the demand for social wealth, the generation of development and underdevelopment became a set of strategies, weapons used by capital to fragment growing proletarian power by creating a new geography of labor-power and forms of exploitation. In the place of a clear division between a developed West and an underdeveloped Third World, there emerged a complicated pattern of situations, such that we now find rapid accumulation in the Middle East, uneven growth in Brazil, famine in the Sahel, and the rapid flight of investment from Italy, Britain, and New York City, resulting in the "*underdevelopment*" of the metropolis.

To meet the growing challenge posed by the internationalization of class struggle, capital has been forced more and more to internationalize its circuits as well as its means of control (particularly the state), making it clear that the real "anarchy" of capital lies not in the confrontation of "rich" and "poor" nations, nor in the contradictions of international competition, but in the confrontation of classes on a world scale. Ultimately, the only unplannable and anarchic element of capitalist society is working class struggle, and it is the attempt by capital to stem the international growth of that struggle that has made interimperialist rivalry of secondary importance. Consequently, we now find, for example, the U.S. selling grain to the Soviet Union to help the Kremlin cope with the struggles of Russian agricultural workers; Libya investing in Fiat in the midst of an upsurge of Italian workers; Western banks putting credit pressure on Eastern Europe after another successful struggle over food prices in Poland; China forging improved relations with the governments of Malaysia and the Philippines while insurgent movements continue in those countries; and North Vietnam shipping coal to England during a strike by British miners. What all this points to are increasing concentration and coordination of multinational state power in the West and growing cooperation between capitalist and socialist states—all aimed at resisting a generalized working class struggle for *the appropriation of wealth internationally produced*. "Imperialism" can now only be understood as essentially the dynamics of the confrontation between the strategy of capital and the struggle of labor on a world scale.

The current phase of class relations in the international crisis shows very clearly not only the extent of capital's counterattack—in the forms of the manipulation of development and underdevelopment, the supposed energy and food shortages, monetary coercion,

etc.—but also its limitations. To be sure, there have been serious working class defeats suffered in such places as Chile, Portugal, Afghanistan, and Bangladesh; and it is crucial to understand how this took place. Yet it is also quite clear that in many places capital has faced considerable difficulty in imposing austerity. In Argentina, the military coup has not produced a Chilean situation but an endemic civil war. In Italy, the sacrifices being promoted by the Communists have prompted a confrontation bordering on open warfare. In Poland and Egypt, attempts to increase food prices were defeated by massive riots. In Canada, behind the constitutional crisis set off by the recent electoral victory of the Quebec separatists is a crisis of the national economy resulting from uncontrollable working class demands. In Mexico, rural workers responded to the government's anti-inflation program with widespread land seizures. As far as the U.S. is concerned, despite the talk of a trend towards reinvestment here because of relative stability compared to much of the rest of the world, the "state of the union" is best summarized by the words of the recent report of the Task Force on Disorders and Terrorism: "The present tranquility is deceptive. It is urged that it not be taken as a sign that disorder in the United States is a thing of the past. Many of the traditional indicators for disorders are clearly present and need but little stimulus to activate them." (For more on the report, see *New York Times*, 3 March 1977.)

It is in this context and from this perspective that the articles in this second issue of *ZEROWORK* seek to analyze the international crisis and thus help to create a framework for understanding the emerging international working class strategy.

The issue begins with a long piece by Harry Cleaver, "Food, Famine, and the International Crisis," which examines the phases of postwar class struggle concerning food and agriculture. Cleaver shows how the various forms of rural insurrections, along with struggles by urban workers over the availability and price of food, have challenged the successive development/underdevelopment strategies posed by capital in its quest for expansion and global integration of production. From the postwar emphasis on industry and the exploitation of agriculture, to the demise of the Green Revolution and the Development Decade, to the creation of food shortage and famine, Cleaver analyzes the circulation of struggle between workers in agriculture and industry in single countries, between native workers and immigrant workers in regions, and among workers in the First, Second, and Third Worlds—all culminating in a discussion of the present international class confrontation over the basic means of existence.

Philip Mattera's article, "Vietnam: Socialism and the Struggle Against Work," continues a number of themes from the Cleaver piece by focusing on the class struggle history of a country that has played a central role in the postwar period. Mattera reinterprets the course of revolutionary activity against France, Japan, and the U.S. to show that that activity was not simply aimed at the abolition of colonial and neocolonial rule, but was also a refusal on the part of

Vietnamese workers to participate in the multinational factory. The establishment of socialism in the north after 1946 and in the south in 1975 turned out to be not the triumph of this struggle, but rather a change in its terms as the plans of the state for Soviet-style industrialization came into conflict with continuing working class resistance to the accumulation of capital in all its forms. Consequently, in his discussion of present-day Vietnam, Mattera goes beyond the current debate among leftists concerning human rights and U.S. obligations to provide reconstruction aid to discern a growing conflict between the demands of the people for greater access to social wealth and the state's efforts to integrate Vietnam into the world economy—a situation that illustrates the crisis of "Third World socialism" and raises the question of the alternatives to it.

The article by Christian Marazzi, "Money In the World Crisis," analyzes how the postwar cycle of struggles has generated an ever-worsening crisis of the international monetary system in the context of the more general crisis of capital. Making the link between unrest in social production and reproduction, and monetary instability, Marazzi argues that the situation following the 1971 inconvertibility move by the U.S. has been one in which a new phase of planned development, a further socialization of capital, is impossible; and as a result, the current international class confrontation, reflected in monetary dynamics, is one of "permanent emergency" in which monetary terrorism is being used to undermine the wage struggle and to thwart a generalized class challenge to the rule of capital. Capital is seeking to maintain this stand-off through the increasing centralization of multinational state power and the simultaneous regionalization of the implementation of austerity, as is seen clearly in the growing power of the International Monetary Fund and the emergence of social democracy as the executor of cuts in social expenditures.

Donna Demac and Philip Mattera's "Developing and Under-developing New York" looks at these monetary dynamics in the context of the paradigmatic struggles within the city that has been at the center of the "fiscal crisis." Beginning with an account of the struggles of welfare recipients, public sector workers, private sector workers, etc., and showing how the unique interaction of these struggles in the 1960's and early 1970's undermined the social order in the city, Demac and Mattera go on to describe the forms of capital's counterattack in New York. Using reductions in state and federal aid to the city as well as the creation of a debt crisis, business and government have made massive cuts in the budget, laid off tens of thousands of city workers, and ended even the semblance of democratic rule—all in the attempt to bring the working people of the city back under control and thus permit New York to play its role for world capital more effectively.

The article on New York not only concludes this issue, it serves as the starting point for one of the main aspects of the future research and analysis of those of us involved with *ZEROWORK*. Some of us are working with a group in New York in order to extend our examination of the current crisis by looking at the ways in which the

implementation of austerity and the intensification of work in the social factory have affected the life and struggles of people in New York. Taking the city as a paradigm, we are especially interested in the new forms of the segmentation of the working class and how these are reflected in the various alternatives to steady waged work that people have chosen or have been forced to adopt, including living on unemployment insurance or welfare, part time and occasional jobs, hustling, and crime. Our aim in this is not to engage in urban sociology or labor market research, but to determine how different sectors of the class are coping with austerity and how they are organizing to fight it.

Others of us are continuing the examination of capital's counteroffensive on the three vital fronts of food, energy, and money. We will study closely the emerging working class strategies for resisting these assaults, and in doing so we hope to clarify the mechanisms of both world capitalist planning and the international circulation of working class struggle. Finally, we want to extend the analysis of the crisis of socialism begun in Cleaver's (Eastern Europe and the Soviet Union) and Mattera's (Vietnam) articles in this issue—particularly the case of China.

Still others of us are engaged in ongoing research in working class history. In all, we are a network of militants with centers currently in New York City, Rochester, Texas, and Montreal and associated collectives in Britain and Italy. We have no pretensions of forming any sort of party; rather, we are seeking to make a major, new contribution to the international debate on the crisis and the working class response. The first issue of *ZEROWORK* began with the statement: "The present capitalist crisis has made the problem of working class revolutionary organization more urgent." That problem, of course, remains urgent and remains the basic concern of *ZEROWORK*. And we intend to address this problem more explicitly in our future issues as we work to develop and circulate organizational strategies that do not contradict the autonomy of the working class. This is obviously not the project of *ZEROWORK* alone, but what we hope is that *ZEROWORK* can become a forum in which the fundamental questions of the struggle can be discussed in a new and totally undogmatic manner. We invite you to join us in this endeavor.

## Flyer (1977)

To: Members of the "Food Movement"  
From: Zerowork  
Re: A New Perspective on the Struggle for Food

"To all involved with current issues of food, hunger and social change, we who publish the journal Zerowork would like to call your attention to an article in our current issue: 'Food, Famine and International Crisis' by Harry Cleaver. In this article Cleaver presents an analysis of the pattern of agricultural production and food availability which breaks sharply with most contemporary radical interpretations. Instead of endless descriptions of the depredations of capitalist business and U.S. Imperialism, he argues that both the development of agricultural productivity - West and East - which has generally kept average per capita consumption growing, and its underdevelopment, which produced the famines of the 1970s, have been the response of capitalist planners to the growing power of the working class internationally (waged workers, unwaged peasants, housewives, students, etc.).

The article examines the class politics of food in a survey of the post-World War II period with particular emphasis on the current crisis of the 1970s. It develops in the case of food the more general Zerowork understanding of the crisis as a response to the breakdown in global capitalist accumulation caused by an international cycle of working class struggles in the late 1960s (Vietnam, Berkeley, Paris, Chile, etc.).

We think the implications of this analysis are far reaching for all those involved in the food movement. It means first that while we must always study the mechanisms of oppression, we must above all study the struggles which have gone on and are going on against those mechanisms. We must try to grasp the fact that the fight for food is part of a larger fight that is proceeding on many levels and in many places, and that a 'food movement' can only be effective if it addresses itself to the problem of speeding up the circulation of those struggles for welfare rights, union wage struggles, the organizing efforts of farm workers, land seizures of peasants, Polish and Egyptian food rioters, etc., or be condemned to remain isolated and relatively powerless.

Secondly, the analysis of the similarities of the struggles around food in Eastern Europe and the Soviet Union, along with Demac & Mattera's article on Vietnam in this issue, raise serious questions about the search for alternative 'socialist' approaches. We feel that more study and debate is urgently needed on both these questions and we think that this article constitutes a useful point of departure."

## FOOD, FAMINE AND THE INTERNATIONAL CRISIS

In the last few years a growing number of radical social critics have been studying and writing on the world food crisis that emerged in 1972. They have pored over this period of grain deals and high prices in the West and of starvation in Africa and Asia, trying to understand how the food surpluses of the 1960's turned into the scarcity of the 1970's. Their aim has been to identify causes and locate responsibility so that political pressure can be brought to bear in the proper place to achieve lasting food security. Despite the fact that this work has produced much useful information and has dispelled a number of dangerous myths, it has reached an impasse in failing to identify adequately the sources of the crisis and consequently in pointing at times in directions of struggle that are now counterproductive. We can move beyond this impasse, but we must first clearly identify its source and isolate it from the concrete progress that has been achieved.

On the positive side, the most important results of recent research have been: first, to dispel the myth that the food crisis is simply a natural phenomenon due to weather or natural catastrophe; second, to destroy the argument that its origin lies in a growth of population which has outstripped the growth in food supply; third, to demonstrate that there is and has long been more than enough food produced to supply the basic nutritional needs of everyone on earth; fourth, and most importantly, to locate the sources of the crisis in the sphere of the political economy of capitalism. The weaknesses of existing analyses, however, lie in the tendency to focus on a variety of particular institutional arrangements in this sphere without undertaking an analysis of the basic class relations of which all institutions are moments. Radical social critics who do not reason in terms of Marxist categories have tended to discover the causes of the food crisis in the uneven distribution of wealth and the means of production, especially land and other agricultural inputs. They tend to place responsibility for this unequal distribution and the resulting poverty and malnutrition with big, often multinational, business which monopolizes resources, exploits workers and small farmers, uses ecology-destroying, capital-intensive technologies, and, because it is profit-maximizing, produces only for those who can pay (often in distant export markets), thus undermining the welfare of the poor.<sup>1</sup>

Marxist critics, of course, agree with such attacks on corporate agribusiness but also identify "imperialism" - especially U.S. imperialism - as a further culprit. Imperialism is generally understood as the international expansion of capitalist business backed by the

power of the nation-state.<sup>2</sup> Common to both of these perspectives - and herein lies their basic weakness - is that capitalism is seen as the only active force. Albeit evil, it emerges as an expanding, dynamic, world-encircling power. The agricultural workers and consumers of the world, by contrast, are mainly portrayed as divided, passive victims (such as in the Sahel) or beneficiaries (better-fed Western workers) of capitalist growth.

Accordingly, the articles and books these critics produce are mainly indignant but essentially pessimistic dirges recounting the horrors which multinational corporations or foreign aid agencies inflict on the world-followed by unconvincing calls to resistance and revolt.<sup>3</sup> It is at the very moment when these writers call for revolt that the weakness of their analysis reveals itself. For any thoughtful observer is perplexed by the yawning gulf between the world of hapless workers described and the romantic images of a reformist food movement overthrowing multibillion-dollar corporations, or of a revolutionary vanguard party suddenly leading all those victims in a dramatic seizure of today's Winter Palaces. The contradiction is glaring, and it is no surprise that people do not flock behind the banners based on these analyses. But we must be careful now: the origin of the contradiction does not lie in the portrayal of capitalism as an oppressive force-there is little doubt about that. The advocates of the usual approaches do not see (or care to ignore) the power of workers and the way in which the growth of that power forces capital to change, to reorganize itself technologically and institutionally both at the local level and internationally. Once we begin to recognize this, we can begin to understand that poverty and hunger are not just offshoots of capitalist development, but are functional to capital in its attempts to control working class power. Underdevelopment, like development, is a strategy as well as a process.

The call for struggle for food and against hunger is very much to the point. But it is not a cry in the wilderness. What so many radical social critics ignore is that workers have been and continue to struggle for these very ends. *It is precisely those struggles that have eliminated so much hunger in the world.* The workers of the developed world are not better fed than the workers of the Sahel because of capital's benevolence or because they have been "bought off", but because of their own struggles: they, not capital, forced an end to most malnutrition in North America and Western Europe. This is certainly not to say that workers elsewhere have not struggled, but it is only by building on concrete successes that we can all gain the power to overcome the food crisis and eliminate the hunger that remains. It is only by analyzing how struggles over the production and distribution of food have developed and how they have circulated that we can evaluate the efficacy of alternative strategies. It is the aim of this article:

first, to suggest some elements of a class analysis of food - how to grasp food as a moment of the class struggle - and second, to apply those elements in a brief examination of the major postwar periods of working class struggle and capitalist development throughout the world. This involves a look at both the 1950's and the 1960's, though the major emphasis is on the current crisis. In this article I can only present the beginnings of an adequate analysis, but I hope it is enough to persuade others to approach the "food problem" in a new way - one which by emphasizing a working class perspective will lead to effective strategies in the future.<sup>4</sup>

## II.

### **FOOD AND THE CLASS STRUGGLE**

To undertake a class analysis of food, one must begin with the realization that there are always two sides to the issue, two perspectives corresponding to the two basic classes in capitalist society. Yet at the same time, the two sides are not separate but interact as aspects of the interacting classes. As each side struggles for its own ends, those struggles impinge on and force changes on the other. For the working class, food is above all our basic consumption good - a fundamental requirement for us to live and enjoy life. For capital, food is primarily a commodity like others, and the organization of the production and distribution of food has made agriculture a sector of capitalist industry in which people are put to work and exploited.

Exactly because the working class seeks both sufficient quantity and variety of food to satisfy our desires, capital understands that its control over the production and distribution of food gives it considerable control over workers. The fundamental power of food for capital is the power to force the working class to work to get it.<sup>5</sup> The need of the working class for food has thus led capital to make scarcity – hunger – a basic ingredient of its social order, so much so that hunger, or the threat of it, is endemic to capitalism. Ultimately, capital attempts to pose "no work, no food" as the condition of life for the working class and so convert all means of subsistence into variable capital. This has been the case since the earliest history of capitalism. The story of primitive accumulation is in large part the story of the separation of workers from their land and thus from their ability to acquire food independently. Today the results are seen both in urban centers, where capital's control over distribution is exercised through retail outlets and prices, and in the agrarian hinterland, where that control is exercised through the manipulation of land.

But the working class is not passive before capital's possession of this power. It too is concerned with agriculture as an industry-both the technical aspects of food production, since it is a sector in which many of us are forced to work, and the quality and price of the product, since we all must consume it. In agricultural areas, the working class struggles to control food production in a variety of ways, including the fight for land; for parity, higher wages, and better working conditions for agricultural wage-laborers; and even for the direct appropriation of crops. For urban workers, the issue of control means the power to determine the quantity and quality of output and consumption-a fact which points away from the usual notion of physical access to the means of production. The urban worker demands steady availability, high quality, and low price not only through consumer boycotts and ecology protests, but also in wage demands and direct appropriation through daily shoplifting and periodic looting.

The very existence of agriculture as a distinct industrial sector is an element of these struggles between the classes. For capital, the division of labor most basically serves as a division that weakens the working class, and that division begins with the separation of rural workers (food producers) from urban workers (food consumers).

The fundamental power of food for capital is the power to force the working class to work to get it.

Price is the focus of the division here, since high income for farmers is made dependent on high output prices, which reduce non-farm real income, while high income for industrial workers is said to necessitate, among other things, high prices for farm equipment and inputs, which reduces farm real income. In general, this division is a hierarchical one (like all divisions in capital), with the income of urban (waged) workers being higher than that of rural (unwaged) workers. Yet at times, the working class either uses this division to fight for higher income by imposing rigidities or forces a recomposition through rural-urban migration.

Within the food-producing sector, the capitalist organization of work and compensation is quite varied and evolves according to the historical development of the class struggle. Food production is only partly based on wage-labor. In terms of numbers, far more important are the unwaged - the hundreds of millions of peasants and small farmers who work the land and the housewives who not only help grow but also generally process the food for consumption in the home. That agribusiness corporations which use wage-labor to grow, process, and distribute food are capitalist institutions is widely

recognized. That the unwaged groups involved in food production and processing are not outside capital but integral to it has only recently been recognized. Selma James of the Wages for housework movement has shown in two seminal articles how seeing housewives and peasants as unwaged parts of the working class is a positive statement about their relation to capital.<sup>6</sup> Both rural and urban housewives who breast-feed and process food work at reproducing their own and their family's ability to work. That ability is mobilized by capital as labor-power in exchange for access to the means of subsistence (through wages, land, etc.), a portion of which is received by the housewife through the mediation of her husband or the state (welfare). It is her unwaged condition which puts her in a weaker and dependent position vis-a-vis the waged husband.<sup>7</sup>

Like the housewife the peasantry works at reproducing labor-power, only under somewhat different circumstances. This labor-power, like that produced by the housewife, is only formally a "reserve" in relation to the waged. This is clearest where peasant labor-power is partially mobilized as part-time wage-labor, such as in the gold mines of South Africa. The villages to which such semi-waged workers return during part of the year are equivalent to the households in the cities. It is the domestic and agricultural work done in these villages to produce part of the worker's subsistence that permits capital to pay low wages. Thus the peasants who survive on the land with no wage at all mainly differ from the semi-waged by the higher proportion of time spent on self-reproduction as a "reserve army". Where peasants also produce a marketed surplus, the sale of the output to capital under conditions of unequal exchange more closely resembles the relation between pieceworkers and their bosses than it does exchanges between independent capitalists. The income of such peasants is a function of the quality and quantity of output and is thus more akin to piece wages than to profit. In fact, the long, intense hours characteristic of piecework are usually found in peasant and small farm production, especially where the producer receives inputs from industrial capital (either directly in contract or putting-out schemes or indirectly through the market) and sells the output to that same capital.<sup>8</sup> The surplus, of course, may also be expropriated by capital through ground rent, usury, or taxes. In conclusion, then, all of this unwaged labor is integral to the continued reproduction of capital. *The wageless are accumulated right along with the waged in the expanded reproduction of capital.* And yet it is not simply through their function in production that these wageless workers find their place in the working class, but rather it is through their struggles against capital that they have forcefully asserted their place in the class struggle and thus in theory.

Central to the struggles between capital and that part of the working class involved in agricultural production is the distribution of land. In Marx's *Capital*, land ownership under

capitalism was analyzed as the province of landlords, and the use of land as the province of the capitalist who employs wage-labor. Land ownership is shown to give the landlord class a "right" to a portion of surplus value, namely rent.<sup>9</sup> For Marx, and for his major interpreters in this area, Kautsky and Lenin, the development of agriculture in capital was essentially a one-way process of increasing transformation of precapitalist (unwaged) agrarian relations into wage relations - the supposed *sine qua non* of capitalism - along with the increasing concentration of land ownership in the hands of landlord /capitalists.

Today, after a century of new developments in the role of land distribution under capitalism, we can usefully modify Marx's perspective in the following way. The basic insight that land itself is not productive of value is, of course, still true. But as distribution of land has come under capital's direct control, it has become a central issue of struggle with the working class. For capital, land has become a fundamental tool in its attempt to divide the class, to pit the unwaged against the waged and the different groups of the unwaged against one another. For the working class in the countryside, land has become a "guarantee" of income in an environment of low wages and extensive "unemployment". What recent decades have revealed is not only the fact that the struggle for land may be an important part of working class struggle, but also the ways capital will often preserve, restore, or even create unwaged relations in various circumstances. Particularly dramatic in this regard was the support of capital for far-reaching land reform in the early postwar period (see below). In Japan, Germany, and Taiwan, land was widely redistributed in response to peasant struggles. At the same time, the distribution of resources was made so uneven that a hierarchy was created among landholders, thus undercutting their unity.

The key issue in these struggles is the availability for work. If land concentration can generate an active reserve army when needed, it may be implemented; if the reserve army refuses to function as such, rejects work as the condition for eating, and turns to rural revolution, then capital may resort to land reform. The experience of recent years in both urban and rural areas as demonstrated that the unwaged often indeed make themselves not available for work. In fact, this unavailability (for waged work) became one of the key elements of the crisis of capital in the 1960's as blacks, women, and students in the West turned to rebellion instead of jobs, and peasants in many countries undertook guerrilla warfare rather than present themselves to capital for development.<sup>10</sup>

We now see how the struggle over the production and distribution of food is by no means one-sided: it is not simply a matter of capital oppressing workers, but also of

worker struggles forcing capital to reorganize. This must also be seen as an international phenomenon. It was the success of waged workers in demanding higher wages and the success of peasants in Europe and family farmers in North America in demanding higher income and in resisting pressure to leave the land which helped to force capital to seek unwaged labor in Asia, Africa, and Latin America. It was the struggle over the availability for work, as much as the search for raw materials and new markets, that forced capital to annex ever-larger portions of the globe. At the same time, the slave trade, colonialism, and finally the "neocolonialism" of today, which have served to unite the world into a capitalist totality, have also ended up creating linkages between workers everywhere. The students of "imperialism" see only capital moving in the world. We must see the international character of the working class and the circulation of its struggles for more, better, and varied food.<sup>11</sup>

These are the fundamental politics of food in the struggle between capital and the working class over the conditions of production and consumption, over the conditions of life. Each side is active-sometimes on the offensive, sometimes on the defensive. The form of struggle depends on the particular characteristics of the division of labor and the organizational forms of work. It is the evolution of these struggles which explains the structure of the global "food system". As we will see in what follows, virtually all aspects of this system are moments of and are transformed by the class struggles, including not only technology, but even diet and the development of international trade.

The postwar evolution of the global struggle over food and the origin of the current world food crisis are sketched below in terms of three sequential periods of struggle: first, the early postwar period extending into the 1950's, in which capitalist plans for industrial reconstruction and development were confronted by a new surge of working class struggle throughout the world, including the postwar strike wave in the U.S., the anticolonial and revolutionary movements of Africa and Asia, and the growing power of workers and peasants against the state in the socialist countries. The failure to contain this wave through industrial development the exploitation of agriculture led to the second period - the Development Decade - which included investment in human capital and the Green Revolution, new pressures for farm centralization in the U.S. and Western Europe, and new investment in the Soviet Union and Eastern Europe. The working class rejection of this global strategy through an international cycle of struggles in the 1960's and early 1970's brought on the third period: the present crisis.

### **III.**

## ***THE POSTWAR EMPHASIS ON INDUSTRY AND THE EXPLOITATION OF AGRICULTURE***

The victories of the U.S. and the Soviet Union in World War II not only made both countries dominant in their respective spheres of influence, but gave both the role of overseeing postwar reconstruction and development. Planners in both countries were faced with the problem of launching a new cycle of growth and accumulation out of the devastation of war. Yet their problems nevertheless had marked differences. Whereas the Soviet planners had to direct reconstruction in areas (domestically and in Eastern Europe) where the working class had been decimated by war, occupation, and death camps, the U.S. planners were faced at home with a militant working class whose wartime struggles had greatly increased its power, and abroad with the problem of worker unrest in Western Europe and ex-colonial Asia. In both East and West, the availability of food and the relation of agriculture to industrial development would be at the center of considerable class struggle.

### ***THE U.S. AND POSTWAR EUROPE***

Even before the war ended, it was obvious that the manipulation of food would play an important role in postwar class politics. In the U.S., the continuation during the war of working class struggle had impressed on planners the necessity of a full employment domestic recovery program to avoid another politically dangerous slump. This working class-imposed imperative (along with U.S. interests already established overseas) was behind U.S. efforts to guarantee economic stability abroad not only to create outlets for U.S. exports, but also to find areas in which restricted working class demands could allow investments to be made more easily.<sup>12</sup> As the Allied armies advanced through Europe and Asia, the military phase was followed by food relief and reconstruction to achieve just that stability. These programs of "human" reconstruction were launched not simply out of capitalist sympathy for the problems of refugees, famine, and epidemics, but because of the threat of European working class unrest at the end of the war.<sup>13</sup>

The major institutions for organizing postwar food planning at first appeared destined to be international ones. In 1943, two such organizations were created within the emerging United Nations system: the Food and Agriculture Organization (FAO) and the United Nations Relief and Rehabilitation Administration (UNRRA). Although the FAO was more

comprehensive than UNRRA in its stated goals and was concerned with longer-run planning, it was to be the experience of UNRRA that would prevent the FAO from becoming the major focal point of capitalist food planning. Although UNRRA was set up officially as a multinational organization, its food supplies came through the Combined Food Board, which was controlled by the U.S. and Britain, and it was itself staffed primarily with officials of those two countries. That it was essentially a politically rather than humanitarian agency was clear from the outset. The meetings that led to its creation were held in late 1943 during the Bengal famine in India, which was still under British rule. When a delegate proposed a discussion of that famine, the British delegate in the chair ruled the suggestion out of order. Between one-and-a-half and three-and-a-half million people starved to death in Bengal.<sup>14</sup>

Once in operation, UNRRA not surprisingly channeled food and other relief supplies to the newly liberated areas according to clear political criteria. In Europe the bulk of the aid was sent where the threat of upheaval was greatest-Western rather than Eastern Europe and Russia. In Asia, relief mainly went to areas under Western control or areas in China controlled by the Nationalist Chinese rather than those held by the Red Army. Nevertheless, the distribution of this aid left a great deal to be desired in the eyes of U.S. officials. In China, especially, large amounts of UNRRA food, clothing, and equipment were sold by Kuomintang officials on the black market for private profit, thus wasting the political usefulness of the material in the struggle. What food was not sold was used mainly to mobilize millions of Chinese in "reconstruction" projects that usually turned out to be quite useful to Chiang Kai-shek's military efforts - the most notable case being the diversion of the Yellow River to flood Communist areas.

This sort of difficulty in controlling UNRRA and the allocation and flow of food in China and elsewhere led the U.S. to limit its dependence on such multilateral bodies and rely instead on more easily controlled bilateral programs. This shift in policy was indicated in 1946 when the U.S. successfully opposed both the refounding of UNRRA and the proposals by FAO Director-General Sir John Orr and ex-UNRRA head F. LaGuardia for a new international organization (the World Food Board) to maintain reserves and regulate global food trade. This plan was opposed both by private U.S. groups and by Truman and his Cabinet.<sup>15</sup> With the passing of UNRRA, food aid to mainland China and Chiang Kai-shek was supplied directly by the U.S. until the victory of the Red Army in 1949. In Western Europe, UNRRA aid was also replaced by U.S.-controlled relief, in this case the Marshall Plan.<sup>16</sup> The plan was announced in 1947 and extended until 1952. A major component of its \$13 billion in subsidized U.S. exports was the use of food to stem worker unrest and promote reconstruction. This special support to capital in

Europe allowed it to overcome United Front opposition in the decade following the war and to launch, in combination with U.S. investment, a new period of growth.

### ***THE STRUGGLE OVER FOOD AND AGRICULTURE IN THE U.S.***

The food resources for capital's strategy in Europe came from U.S. farm surpluses maintained through various price support policies. Such price subsidies have constituted an important part of U.S. capital's response to political pressures coming from both farm and non-farm workers. The growth of working class power in the 1930's and during the war forced capital to meet urban worker demands for cheap and plentiful food, just as it was forced to provide full employment and rising wage levels.<sup>17</sup> This required a significant increase in farm productivity, which could only be accomplished by keeping farm income up through price supports - without the guarantee of which farmers would refuse to invest in productivity raising new technologies. In all, the continuing increase in the access of the U.S. working class to a growing quantity and variety of food must be understood as the fruit of its struggles, not simply as a quirk of geography or capitalist calculation.

The Marshall Plan and other export subsidies added to the upsurge in domestic demand based on the rise of worker income through postwar wage gains. The result was a dramatic increase in food prices, which in turn fueled further industrial wage struggles. The food price index jumped from 106 in 1945 to 196 in 1948 as average hourly earnings in manufacturing increased from \$1.02 in 1945 to \$1.41 in 1949.<sup>18</sup> In light of the price supports and a booming output, one might expect to find growing farm income and perhaps even increased employment in the farm sector. What we do find, however, is that not only was average farm income over the period 1948-1958 35 percent below the 1942-1947 period, but there was a steady *reduction* in farm employment - a fall from 10.0 million in 1945 to 7.1 million in 1960.<sup>19</sup> The explanation for this is in the way price supports helped mainly large farmers, while small farmers and farm workers were forced to leave the land. This outmigration was further encouraged by productivity-raising technological changes, especially in mechanization and agrichemicals.

The 1940's and 1950's was the period of the "American fertilizer revolution" caused by the rapid substitution of inorganic fertilizer for nitrogen-fixing legumes and manure. Fertilizer availability grew rapidly after the war as factories producing nitrogen for TNT bombs switched over to fertilizer production and the giant oil companies began investing in the expanding industry. Facilitating the development of new fertilizer varieties and the

sales of the growing output (by persuading farmers to switch from traditional plant nutrients to inorganics) were the research and demonstration programs of the Tennessee Valley Authority and the Land Grant Colleges.<sup>20</sup> This shift added inorganic fertilizer to farm demand for fuel oils, gasoline, and electricity, thus increasing agricultural dependence on the energy sector and thereby converting the latter more than ever into a part of agribusiness. Although inorganic fertilizer is only marginally labor-displacing, the rising productivity it afforded to those who could pay for it helped to squeeze out those who could not. This "revolution" was also the prelude for the subsequent fertilizer push into the Third World and the basis for the growing ecological problems of soil deterioration and water eutrophication associated with the inorganics.

The second major method of raising productivity was with labor-displacing machines. This change in agricultural technology developed partly in response to farm worker struggles dating back to the 19th Century. The mechanization of the harvesting of crops like cotton and sugar beet followed the earlier pattern in grain with reapers, threshers, etc. in the 1800's and tractorization in the 1900's. A major result of this trend was the massive migration of blacks out of the South. Overall, capital per unit of labor input in U.S. agriculture rose 5.6 percent annually from 1948 to 1966, while output per unit of farm labor input rose 6.2 percent in the years from 1948 to 1953 and 4.1 percent from 1953 to 1960.<sup>21</sup>

With the displacement of labor from the farm, there was also a rise in the off-farm food producing industry. This was partly the result of rising working class income and the demand for more readily available and varied foods, and partly the result of capital's manipulation of that demand through product differentiation, deceptive advertising, and product adulteration. On the one hand, the development of a non-farm food processing industry (plus expanded retail outlets, etc.) once again split that part of the working class involved in food production; on the other, it vastly increased the organic composition (capital-intensiveness) of food production as increasingly sophisticated machinery and technology were developed to produce new products and to replace processing workers whose factory conditions of work led to increased wage struggles. At the same time, the rise in working class income and the demand by housewives for labor-saving food-processing devices also led to a rapid increase in the use of refrigerators, home freezers, electrical appliances, etc. in the home as well as preprocessed, store-bought food. The manipulation of both factory-made foods (adulteration, etc.) and of housewives' kitchen work were part of the reason for the women's movement and the consumer revolt which surfaced in the 1960's to fight these aspects of capital's strategy.

The development of U.S. agriculture can only be accurately understood within a global perspective. This is not only because of its export-orientation in circulation, but also because of the use of large numbers of imported alien workers in production. Although many of these workers have come from Asia (and more recently from the Middle East), the major source for "foreign" labor has been Mexico. U.S. capital has turned again and again to the pool of cheap labor in that country. Whenever rising wages in U.S. industry have made cheap labor scarce, the border has been opened and Mexicans have been imported in massive quantities. But when wages have been relatively low and labor supplies in the countryside have been plentiful (as in the Depression), the border has been closed, and Mexicans, made into scapegoats, have been deported in numbers as large as the ones in which they were imported. Perhaps nowhere else has a population of "peasants" been forced so clearly to serve as such a fluid reserve army. The continual flux of workers back and forth across the border has made them a classic case of mobile "abstract labor", whose cheapness has been based on the unwaged subsistence work carried out in the villages. At the same time, this process has clearly revealed the role of the national border as a tool for the control and manipulation of the working class.

In the postwar period, the upsurge in industrial strikes, the general rise in wages, and the renaissance of farm worker struggles in 1947 in California (the DiGeorgio strike) and elsewhere were followed by a massive expansion of the official bracero program. Beginning with 25,000 workers in 1948, the program expanded to more than 400,000 workers a year from 1956 to 1960.<sup>22</sup> This official program of labor importation was supplemented with an even larger flow of illegal immigrants.<sup>23</sup> This large movement of workers into U.S. rural and even urban (East Los Angeles, etc.) areas was kept under control through the time-honored methods: exacerbating divisions between legal (higher waged) and illegal (lower waged) workers, rapid turnover, and political repression, as in Operation Wetback and the assault on organizing attempts in the fields and the barrios through the McCarran Acts.<sup>24</sup> These forms of immigration, both planned and unplanned, and terrorism, which presaged a similar situation with foreign workers in Europe in the 1960's, constituted more than an international link. It destroyed the First World (U.S.)-Third World (Mexico) ideological dichotomy as the unity of the Chicano working class on both sides of the border was forged (Aztlan) - a unity which would explode in various forms later.

## **THE U.S. AND REVOLUTIONARY ASIA**

Meanwhile, in the former colonial countries, U.S. capital was faced with new areas of rural hinterland in which it now had influence but little familiarity. So it drew on its experience at home and in China to fashion a strategy aimed at facilitating the expansion of industrial capital based on tapping labor and surplus food from agriculture.<sup>25</sup> But the collapse of the colonial powers, which opened the way for the U.S., was caused not only by the war; it was also the result of the revolt of workers in the colonies, a revolt which threatened not only the success of U.S. expansion, but the very future of capitalist control in many parts of the world. The rapid deterioration of the situation in China, soon to be followed by the victory of that phase of the peasant revolution, was undoing decades of largely private capitalist efforts to "save" the country. As the 1940's drew to a close, much of Southeast Asia was alive with rural guerrilla war: in Malaya the British were involved in an extensive fight with insurgents; in the Philippines the Hukbalahap were putting the U.S.-supported government on the defensive; in Korea rural uprisings were shaking another U.S.-created state apparatus; and in Indochina the French were rapidly losing ground to the Vietminh. This wave of insurgency became the central concern of capitalist planners once the stabilization of Europe was completed. Where the problem was active insurrection, the U.S. or its surrogates fought with military force. But the recognition that military action can only be a temporary response to the growth of working class power also prompted the development of various programs of rural reform and "nation building".

Dominating the long-term efforts was the lesson of China: without rural stability there could be no permanent overall stability in a predominantly agricultural society. The source of instability was universally deemed to lie in the growing power of peasants to refuse poverty and inability of colonial and postcolonial governments to stimulate food production sufficiently to meet peasant demands. Low agricultural productivity was seen as an unavoidable consequence of reactionary land tenure relations as well as backward technology and education. Thus the architects of U.S. policy called for short-term land reform and long-term technological and cultural development.<sup>26</sup>

This was outright "rice politics"-the peasants were forcing capital to try and provide them with enough food to reduce, it was hoped, their propensity to revolt. "The major struggle to keep South and Southeast Asia free of Communist domination," wrote John King in 1953, "is the standard of living of their peoples. The struggle of the 'East' versus the 'West' is, in part, a race for production, and rice is the symbol and substance of it."<sup>27</sup> The long-run project of laying the basis for increased productivity in agriculture was

undertaken by the private U.S. foundations-the institutions of far-sighted planners of international capital - which set out to create new elites of economists, agronomists, and policy makers-the administrators of the new era of food production - through the financing of education abroad and the creation of local agricultural colleges and research institutes. These were modeled on the previous efforts of the foundations, especially those of the Rockefeller Foundation in fostering the U.S. Federal Extension Service, in supporting agricultural colleges in China in the 1930's, and in developing food research in Mexico in the 1940's.

During the 1950's, support was provided for both counterinsurgency and social engineering by the U.S. food surplus, which jumped to one billion bushels in 1954. The tool for making the surpluses available to underwrite capitalist strategy around the world was Public Law 480.<sup>28</sup> This "Food for Peace" program accounted for over 25 percent of U.S. agricultural exports from 1954 to 1960 and bought time for the foundations in their quest for a permanent solution to rural working class struggle in Asia. Although these facts are now fairly well known, what is often overlooked about both government and private programs during this period, which were aimed at increasing food availability for political aims, is that they were a response to widespread worker struggles: the new technologies these programs developed and the increased food they provided were not simply capital's initiative but also its reaction to the intensification and internationalization of class demands.

The end of the 1950's saw many changes in the open struggle in Asia. Despite some land reforms, food subsidies, military interventions, and attempts to build new local elites, this mixed bag of rice politics failed to achieve anything like universal success. The guerrillas were temporarily beaten in Malaya and the Philippines, but Korea could only be stabilized by instituting "socialist" order in half the country; the leftist Sukarno regime in Indonesia expropriated Dutch private business; the community development program failed in rural India while continual urban struggles hindered capital accumulation in the cities; and most importantly, the U.S. began to get bogged down in what would be a disastrous excursion in Indochina. Overall, while the working class had suffered some setbacks, it was by no means defeated. What was defeated was U.S. capital's strategy of transforming its military in World War II into a successful new era of accumulation. It would be up to the planners of Kennedy's New Frontier to develop a new approach.

## **STRUGGLES OVER FOOD AND AGRICULTURE IN RUSSIA AND EASTERN EUROPE**

While the policy architects of U.S. capital were preoccupied with their new responsibilities at home, in Western Europe, and in much of the Third World, the Communist bureaucrats under Stalin were busy renewing their customary approach to controlling the agrarian working class and providing food for the cities: collectivization. This process, adopted since 1928, involved repression and forced labor on the collective (*kolkhozy*) and state (*sovkhозы*) farms, and constituted an organizational form designed to limit autonomous peasant activity and facilitate the appropriation of a maximum agricultural surplus to feed industrial workers and to finance industrial imports.

This organization of the peasantry not only divided them sharply from urban workers, but also divided them among themselves. The laborers of the *kolkhozy* were generally unwaged and lived off their private plots and a small share of the collective product. The workers of the *sovkhозы* were state employees and were paid wages. The divisions were, as in the West, hierarchical, with the income of the urban worker generally being above that of peasants while the income of the *sovkhоз* worker was substantially higher than that of the *kolkhoznik*. In addition, on both *kolkhozy* and *sovkhозы*, as in the villages of Asia and the farms of the West, sex divisions served to increase the stratification, with women finding themselves at the lower levels of heavy and poorly paid labor in addition to their responsibility for housework. The major change introduced in the system by Stalin after the war was the intensification of government control over the *kolkhozy* through their forced amalgamation into a smaller number of larger units.<sup>29</sup> The wartime devastation and the previous experience of forced collectivization and concentration camps made such a continued high degree of exploitation possible. But it also led to a repetition in the late 1940's (according to Khrushchev's memoirs) of the widespread rural famines of the 1930's and the consequent peasant unrest.

The Soviet policies in Eastern Europe were just as harsh. While Russian exactions of war reparations, which stripped Eastern Europe of much of its industrial capacity, were followed by some investments in human capital (increased medical care, education, etc.) to the benefit of urban workers, the treatment of the peasantry was again brutal: the early postwar land redistributions designed to win peasant support for the Communists soon gave way to forced collectivization - a process aided by the Soviet occupation army's breaking of the independent power of rural workers. As in Western Europe the primary focus of Russian efforts to the east was on industrial rather than

agricultural development. But whereas Western Europe could draw on U.S. food to meet the demands of the working class, Russia refused to collaborate with the Marshall Plan strategy, preferring instead to squeeze the peasants dry in order to 'finance industrial accumulation.'<sup>30</sup>

This Soviet strategy of repression and maximum exploitation led to a variety of forms of resistance and revolt. In Russia itself, peasant struggles included the refusal of work in such forms as the diversion of work from production for the state to work on private plots for personal consumption, migration from rural areas into the cities for higher wages, and even isolated guerrilla actions. The success of the diversion of work is seen in the fact that despite strict government limitations on the size of private plots, the labor expended on these parcels even today is estimated to account for as much as 30 percent of total Russian agricultural output (mainly in vegetable and livestock products), and for *kolkhoz* families, over 40 percent of their real income. As far as migration was concerned, the movement of people from the countryside after the war soon went far beyond the population shifts planned by the state to meet the needs of industry. Between 1929 and 1959, some 43 million peasants moved to the cities, helping to swell the urban population to over 100 million.<sup>31</sup> The struggles of the peasants circulated to the cities both through their actual migration and through the food scarcities resulting from uncooperative and unproductive behavior on the part of those who remained on the farms. In the newly annexed regions of the Western Ukraine and Lithuania, peasant resistance took the form of armed guerrilla struggle by groups such as the Ukrainian Partisan Army.<sup>32</sup> In Eastern Europe, the same dynamics were at work, and after Stalin's death in 1953, the struggles erupted in a major series of uprisings that forced the end of collectivization in Hungary and East Germany in 1953 and Poland in 1956. Where peasants were joined by urban workers, as in the Hungarian revolt of 1956, the Soviet government intervened militarily - much the same way as the U.S. in Asia. But despite intervention, the struggles in Eastern Europe reverberated with the Soviet Union itself in the form of sympathy strikes and noncooperation with the repression, thus forcing the Russian planners, like those of the U.S., to embark on programs to increase the standard of living.

These struggles led to two major changes in Soviet strategy.<sup>33</sup> In the mid-1950's, the Soviet leadership began to seek increases in grain output through the plowing up of fallow and grass lands and the expansion of cultivation into new areas of Siberia and Kazakhstan. While initially requiring substantial capital investments, this strategy sought to increase output and thus meet worker demands for higher income without making major investments in new technology and thereby raise the organic composition of

capital in agriculture. The "Virgin lands" and "plow up" campaigns were accompanied by a continued push to amalgamate *kolkhozy* and convert them into *sovkhozy* under more direct state control. The second major change in strategy was to allow significant increases in peasant income to the extent that in the period from 1953 to 1967 the total income of the Russian agricultural population is estimated to have more than doubled. In order to try to use the increased income to get increased work, there was a vast expansion of the use of the wage on the *kolkhozy* as the year-end division of the net product after state procurement was replaced by a monthly cash payment, usually based on piece rates.

In terms of short-term increases in output, the virgin lands program was at first a success: by 1958, agricultural output was up 50 percent from 1953. However, during Khrushchev's last years in power, the limits of this approach became clear as monoculture in the new lands and reduced fallow led to declining yields; and despite somewhat lower wage and farm-price increases from 1958 to 1965, payments to labor were found to have greatly exceeded the increases in productivity. Moreover, during the period from 1953 to 1963, despite the increase in payment for collective labor, there was an increase in the proportion of time spent on private plots; there was also no substantial slowdown in migration to the cities. The failure of Khrushchev's agricultural policies to meet the demands of city workers became quite obvious with the food riots of 1959 and 1960. The further production failures of the early 1960's and the consequent renewed food protests in 1962 following a government attempt to raise prices forced the Kremlin to import large quantities of food (partly from the U.S.) in 1963 and contributed to Khrushchev's ouster in 1964.<sup>34</sup>

To summarize: the period of the 1950's was one which saw working class struggle in much of the world force capital to increase food output at the same time that it was trying to achieve that increase without major technological change in agricultural production. It was only in the 1960's that the rest of the world would follow the U.S. example of productivity-raising investment in agriculture, and that change would come only because the accumulation strategies which have priority to industry failed to contain the struggles either of industrial workers or farmers and peasants.

## **IV.**

### ***THE RISE AND FALL OF THE DEVELOPMENT DECADE***

The Development Decade was initiated in response to the failure of previous policies to stem or harness working class struggle. It was a period of unusual unity in the food strategies adopted by capital in many areas of the world. In the place of the search for stability and surplus extraction from a more or less traditional food production technology, capital was forced globally to adopt the "American solution" - the introduction of major productivity-raising innovation to permit both increased income for the working class and increased surplus for industrial accumulation. This development strategy for food, which was implemented in both West and East in the 1960's, constituted an extension to agriculture of the Keynesian principles of the productivity deal, i.e., the attempt to use working class struggle for higher income to promote accumulation by linking increased wages to increased productivity. The beginning of the Development Decade in the West was signaled by the arrival to power in the U.S. of John Kennedy and his brain trust, while its best known product was the Green Revolution in Asia. In the East, the timing varied, but first in the Soviet Union (and China) and then in Eastern Europe, the character of the changes initiated were very similar: a new priority for capital investment in agriculture and higher incomes for both food producers and consumers in exchange for (hopefully) more work.

### ***FOOD STRUGGLES IN THE U.S.***

U.S. capital during this period faced three major internal problems on the food front: first, the rebellion of Southern and then Northern blacks; second, the growth of the consumer movement throughout the country; and third, a new round of farm worker organizing and the expansion of the Chicano movement in the Southwest.

Capital's response to the first problem included both further repression and more subtle development strategies. Alongside the military suppression of riots and COINTELPRO subversion of the Black Panthers and other militant groups were the poverty programs, which sought to undermine the welfare struggles being led by black women with schemes (including food stamps) designed to supply the wages demanded from the state in ways that would control and channel the movement in directions favorable to economic growth. Yet the black women and the young unemployed managed to take

the money and the food without being made into disciplined waged workers. By building their strength in the ghettos, they began to confront the division between the unwaged community of housewives and street youths and the waged factory workers.<sup>35</sup>

The second problem - the emergence of the consumer movement - was closely linked to both the women's and the ecology movements. Essentially a reaction to capital's attempts to convert working class income gains into profits for business, the movement attacked the myriad of adulterations in the "chemical feast" being served to people as well as the false advertising and pricing schemes used to sell overpriced, useless, and dangerous products. With the rise of inflation the price aspects of the movement took on added importance but never reached the level of mass struggle as was represented, for example, by the self-reduction movement in Italy. Nevertheless, although much of the movement was channeled by Ralph Nader and others away from a confrontation in class terms, it amounted to a working class demand for qualitative as well as quantitative control over the availability of food.<sup>36</sup>

The end of the bracero program in 1964 removed one tool of agribusiness for dividing Chicanos against themselves and against others. With the "threat of outside labor" decreased - but not eliminated, since the importation of "illegal" workers continued the campaign to organize farm workers grew rapidly in the 1960's. This campaign included the initiation of the consumer boycott strategy that created a producer-consumer link between the United Farm Workers (UFW) and millions of other, mainly women, workers across the country. With this backing of housewife/ shoppers and students, the successes of the UFW in California in 1965 and 1966 were dramatic. In response, capital devised a counterattack in the form of mechanization to get rid of troublesome workers, a company *union* to replace the UFW, and the substitution of the migration of capital for the migration of labor.

Under the threat of farm worker struggles, the development of labor-displacing technology for vegetables and fruits had been under way for some time, financed and researched by agribusiness and the government through the Land Grant Colleges and state agricultural experiment stations. Following the mechanical cotton picker was one of the first major breakthroughs in fruits and vegetables: the mechanical tomato picker along with a new breed of tough tomatoes which could withstand its bruising treatment. As long as cheap Chicano labor was available, the expensive machines made few inroads: in 1961 only one percent of the tomato crop was harvested by machine, and by 1964 that figure had risen to only 3.8 percent. But with the explosive growth of farm worker struggles there was a rush to adopt the new technology. By 1966 nearly 66

percent of the crop was harvested mechanically, and by 1969 the transition was virtually total with 99.5 percent of tomatoes being picked by machines. The use of these devices did not eliminate field labor completely, but such work was substantially reduced and restructured. The number of field hands working the tomato harvest fell from about 50,000 in 1964 to about 18,000 in 1972 while production increased 50 percent. At the same time, less organized local housewives were substituted in large numbers for male workers (who had done stoop labor in the fields) to do the sorting work on the machines.<sup>37</sup>

Farm worker struggles and successes have been greatest among those crops that pose the most difficult technical obstacles to mechanization, the outstanding case being the UFW battles concerning California grapes. In these cases the growers resorted to another tactic: the promotion of deals with a union that would be more cooperative than the UFW, namely the Teamsters. Under the guise of "competitive unionism", deals between the growers and the Teamster bureaucracy resulted in "sweetheart" contracts that largely ignored the needs of the workers themselves. The UFW response was a massive strike/boycott against Perelli-Minetti, the first grower to sign with the Teamsters in 1966. The next year the Teamsters were forced out, and by 1970 the UFW succeeded in winning major contracts with California growers of both wine and table grapes.<sup>38</sup>

The third aspect of capital's response to the farm workers was the movement of investment across the border into Mexico - a movement that was not entirely new but which accelerated rapidly in the 1960's. While this movement which resulted in an increase of U.S. vegetable imports from Mexico from \$36 million in 1964 to \$176 million in 1973, has been much commented on as a way capital has tried to undercut the power of farm workers, what is amazingly ignored, as with changes in technology, is that this movement was *forced on capital* by farm worker struggles: it was a *flight of capital* from growing workers' power, not simply another crafty capitalist plot.<sup>39</sup> In addition, this maneuver of agricultural capital, like that of industrial capital with border industries, has also served to accelerate the circulation of struggle on the other side of the border, thus helping to build the power of farm workers in Mexico itself.

Furthermore, Chicano struggles were not limited to the fields and supermarkets: a movement was growing that engulfed La Raza as a whole. In the cities, Chicano groups began to fight for their share of poverty funds. In East Los Angeles, the Brown Berets emerged as an organization similar to the Black Panthers, while brown unwaged women joined black women in the welfare struggle. At about the same time, Reies

Lopez Tijerina launched a land seizure movement in New Mexico and Jose Gutierrez and others founded the MexicanAmerican Youth Organization (MAYO) and began organizing the structure which would lead to La Raza Unida and the takeover of Crystal City and Zavala County in Texas in 1970. By the end of the 1960's, the farm and Chicano movements generally were, like the movements of blacks, women, students, soldiers, etc., rapidly getting entirely out of hand.

In the U.S. as a whole during this period, agricultural policies similar to those of the 1950's prevailed. The Kennedy farm policy continued price supports while moving somewhat more forcefully than previous administrations to control production. Along with the acceleration of mechanization and the increasingly expensive use of chemical and biological inputs, these policies resulted in ever<sup>26</sup> increasing farm ownership concentration and labor force decline. The total number of farms fell from 3.96 million in 1960 to 2.95 million in 1970; the agricultural labor force fell from 5.49 million to 3.46 million in the same period as agricultural employment fell from 8.3 to 4.4 percent of total employment.<sup>40</sup> This continuing concentration of the food industry, especially in grain production and trade, guaranteed the existence of steady food surpluses to support the new strategy of U.S. capital abroad.

### ***GREEN REVOLUTION VERSUS RED REVOLUTION***

The prospect of continued instability abroad as well as at home-ranging from the persistent insurgency in Indochina and Africa to rural and industrial unrest in South Asia and Latin America-forced U.S. planners in the late 1950's and early 1960's to reformulate their theories and associated strategies for food and agriculture. The unrest that was limiting the possibilities for capital expansion continued to be associated with the revolt against poverty and hunger. Yet the ideology of the planners increasingly attributed the propensity to revolt not to deprivation as such, but to the dissatisfaction experienced by workers during periods of limited economic growth in which traditional social structures are crumbling and the new organization of production has not yet been able to meet popular demands. The implications of this view for agricultural strategy were four-fold: slow down social restructuring such as land reform and community development; increase investment in agriculture to raise productivity and food supplies; develop a new counterinsurgency capability involving the military in economic and social programs; and later, promote family planning and birth control to limit the growth of a working class that refuses to work productively at profitably low wage rates. This, in general, was the Third World's share of Kennedy's new "flexible response" strategy with the New Frontier. For the control of overt agrarian unrest there was the

stick-counterinsurgency-which was used extensively in Southeast Asia and Latin America. To provide the carrot of increased consumption, there was the Green Revolution.<sup>41</sup>

The previous research financed by the Rockefeller Foundation proved immensely useful in this regard. New high-yielding varieties (HYV) of wheat developed in the early 1950's had converted Mexico from a net importer to a net exporter of wheat by the early 1960's. Building on this success, the foundation launched a global effort to introduce the new food technology to all the wheat-growing areas of the Third World. The Ford Foundation, meanwhile, began to shift its efforts in India from community development to the raising of agricultural productivity, initiating in 1960 the Intensive Agricultural Districts Program, which made resources available to the most modern, creditworthy, and wealthy farms in order to boost gross output. In 1962 the two leading foundations joined forces in establishing the International Rice Research Institute in the Philippines, which gave even quicker results than the Mexican effort. Within barely three or four years, "miracle" rices of all sorts were boosting yields in the Philippines and were ready for export.

Parallel to the development of the HYV's of grain was the expansion of the use of one of the principal inputs – fertilizer - as we began to see above. The vast growth in the 1950's of the fertilizer industry in the U.S. and Europe led not only to an export capacity which would be necessary to the HYV strategy (since very high levels of fertilizer input were essential for the new strains), but also to a complementary quest by the oil/fertilizer corporations, faced with an overproduction problem at home, to open new markets for their products. Besides the efforts of corporate salesmen overseas, the industry as a bloc decided to use the UN's new Freedom from Hunger campaign as a vehicle for its expansionary aims. A group of U.S. and European representatives of various fertilizer industry associations told the FAO in 1960 that the industry would provide free fertilizer if the FAO would set up thousands of demonstration projects around the world. The FAO agreed and thus put its organization at the disposal of the fertilizer industry.<sup>42</sup> As the foreign demand consequently grew, the industry would later try to move from exporting to overseas production. In all, this expanded use of fertilizer ended up increasing the dependence of Third World agriculture on the energy sector (inorganic fertilizer being produced from petroleum) and its vulnerability to fluctuations in supplies and prices in that sector-a situation that served capital well in the course of its energy-shortage offensive of the 1970's.

The effort to impose the Green Revolution on Third World governments was full of intrigue and bound up with policies and developments. One of the most notorious episodes was in India during the drought and famine of 1965-1967. Government resistance to the Green Revolution scheme was dissolved when U.S. President Johnson withheld PL 480 food shipments and allowed starvation to do the work of persuasion. By 1970 more than 15 million acres of Indian wheat lands were planted with the new varieties of wheat and about 11 million acres with the new rice.

The impact of the Green Revolution has now been widely assessed and need not receive detailed treatment here. Overall, the consensus has been that while the project did succeed in raising productivity and total output in many areas, it failed in its ultimate objective of undercutting agrarian and industrial unrest.<sup>43</sup> Along with, and partly because of, this failure, the multinational corporations were unable to realize the massive expected profits from input sales. The most obvious case was fertilizer: after all the efforts to expand the market, by 1969-1970 the industry as a whole was once again suffering from severe overproduction, since not only had Third World agriculture failed to grow as rapidly as predicted, but the new U.S. policies of decreasing surpluses (see below) and reducing PL 480 had also cut back demand at home.<sup>44</sup>

By the end of the 1960's, a series of upheavals were sweeping the world the Green Revolution was supposed to stabilize. The second Indochinese war was at full pitch, and there were three growing insurgencies in Thailand. There was a renewed peasant and student movement in the Philippines, while the Naxalite revolt and land seizures were rocking India. There was also rural and urban unrest throughout many other areas of Asia, Africa, the Middle East, and Latin America. And these revolts were not isolated; rather they formed part of a new and massive cycle of international working class struggle which was defeating the aims of the Development Decade and plunging capital into severe crisis.

### ***THE DEVELOPMENT DECADE COMMUNIST STYLE***

Although the timing of the "Development Decade" in the socialist countries differed somewhat from that in the West, and although the Communist parties will certainly attack any suggestion of similarity with developments in the imperialist West as erroneous and slanderous, there were nevertheless remarkable similarities indeed. We have already seen how in the Soviet Union and Eastern Europe the policies of the 1950's ultimately failed to eliminate the obstacles class struggle placed in the way of rapid accumulation. Within the socialist area, the characteristics of those struggles

differed widely. (For reasons of space and relative lack of information, the case of China will not be discussed; yet there is every indication that China, in general, was no exception to the dynamics analyzed here.) But everywhere low agricultural productivity and attempts to raise income, through the wage or land reform, put serious limits on the ability of Communist planners to control labor supplies and surpluses. And sooner or later, in each case, continued worker demands were met by the same fundamental strategy as in U.S. agriculture and its offspring: the Green Revolution-investment in productivity-raising technology, whether mechanical, chemical, or biological.

In the Soviet Union the development decade dates from the last years of Khrushchev's rule and the new emphasis on agricultural development that he initiated in response to the failures and upheavals of 1959-1962. The shift was continued by Brezhnev in 1965 and fixed in the five-year plan for 1966-1970. The basic elements of the new strategy involved granting increased income to peasants and stable food prices for urban workers while increasing investment in constant capital in agriculture. At the same time, peasant income would, as in the past, be restructured so as to promote increased work.<sup>45</sup>

The increase in peasant income took several forms. First, the prices of agricultural output were raised and the prices of investment goods were lowered, thus raising net farm revenue. Second, direct payments to peasants were raised by increasing wages for collective work, guaranteeing minimum income and old age pensions to *kolkhozniks*, improving housing and rural amenities, and lifting the extra taxes and restrictions on private plot production. At the same time, payments were restructured to tie income and work more closely together: the remaining use of labor-day calculation of work was replaced by wage payments for all *kolkhoz* labor. The wage increases served to reduce the rural/ urban differential, such that by 1970 *kolkhoz* wages were up to 75 percent of average industrial pay and *sovkhоз* wages equaled 85 percent. Yet, poorer housing, health services, etc. meant that the real income differential was still much larger.

In order to pay for these measures, the shift of investment capital into agriculture was substantial, with large increases in the supply of fertilizer, irrigation, machinery, agrochemicals, etc. and the expansion of scientific research into the development of high-yield crops and improved livestock productivity. As a result, agricultural output and productivity rose 25 percent from 1962 to 1968, and new food production came to be based on capital-intensive methods rather than the new lands/plow up strategy with its long-run instabilities. However, raising farm procurement prices above the fixed retail

prices forced the Soviet government to pay out rapidly rising levels of subsidies—the figures reached the equivalent of \$5 billion in 1968.

Although production and productivity increased in the countryside as a result of the new capital investments, peasants continued to fight against exploitation. Not only did private plot cultivation expand, but there was increasing direct appropriation of the "collective" output through such methods as the illegal use of communal grazing land and collective grain for private livestock, which paralleled the rise in the cities of pilfering on the job, smuggling, and black market operations.<sup>46</sup> The strategy also failed to halt migration to the cities, a trend which reached such proportions at the end of the 1960's that the Soviet government undertook a series of intensive studies to discover its causes. The conclusion, not surprisingly, was that people were fleeing from the farms to escape overwork and low pay.<sup>47</sup>

While much of the above analysis of Soviet class struggles in the 1960's applies as well to many areas of Eastern Europe - especially with respect to low productivity, migration to the cities, stealing from the state, and the lower income position of the peasants - the shift to a development strategy of marked increases in agricultural investment seems to have come much later.<sup>48</sup> But it came nonetheless in response to that same situation of intensified class struggle among both rural and urban workers.

The first wave of major unrest began in this period in 1968 with the mass movement of unwaged students. Like their counterparts in the U.S. and Western Europe, Eastern European students rose up in defiance of their factory-like conditions of work and the discipline imposed by the state. In March of that year, Polish students took to the streets to protest Soviet colonial policies and censorship. And in June, following the great uprising of students and workers in France in May, Yugoslav students staged demonstrations to denounce increasing income hierarchy and uneven regional development. This wave helped provoke moves toward economic reform designed to solve the problem of financing the increased standard of living demanded by workers. In Czechoslovakia, the severity of the Dubcek reforms led straight to Soviet opposition and intervention. In Hungary, where the reforms were less overtly political, the Kremlin refrained from such a drastic step.

The next explosion in Eastern Europe was in Poland, and it directly concerned issues of agriculture and food. Moreover, it was the turning point in the shift to heavy investment in agriculture and the adoption of policies already implemented in the Soviet Union and around the world.<sup>49</sup>

The 1970 Polish upheaval was the direct outcome of the inadequate investment in agriculture and the policies of discrimination against the peasants which marked the Gomulka years following decollectivization in 1956.<sup>50</sup> In the face of relatively stagnant procurement prices, peasants refused to increase output. Despite the fact that Poland is Eastern Europe's largest food producer, these limits on productivity and output, coupled with the traditional Soviet-style policies of exporting food (most notably, in this case, Polish hams) to finance industrialization, resulted in an increasing discrepancy between the availability of adequate food supplies and the rising wages of city workers. The immediate cause of the outburst was Gomulka's decision to meet this problem by raising food prices instead of making more food available. His announcement of the price rise came just before Christmas, and the reaction of urban workers was immediate and violent. They exploded in a series of spontaneous work stoppages and riots that swept the country in a manner that recalled Hungary in 1956. The uprising was led by shipyard workers in the northern city of Gdansk but also included workers from other industries, housewives, and students. The Communist Party headquarters in the city were firebombed during a demonstration of some 20,000 people and state stores were looted of food and other goods. Despite government efforts to seal off the city with tanks and troops, the struggle spread to Warsaw, Cracow, and elsewhere, and preparations were being made for a general strike. The momentum of the events forced the ouster of Gomulka, whose replacement, Gierek, froze prices at the new level and announced an 18 percent increase in the minimum wage; but he hesitated to rescind Gomulka's price increase. The measures did not satisfy the Polish people, and strikes and protests continued. The breaking point came in April when 10,000 textile workers in Lodz, mainly women, went out on strike and demanded a 16 percent wage increase to offset the price hikes. Gierek capitulated; with the aid of the Soviet Union - \$500 million worth of credits and grain shipments - he rolled back prices to their pre-December levels.

The whole episode was, to say the least, an incredible victory for Polish workers and an event which has a tremendous impact throughout Eastern Europe and the Soviet Union. Russian workers demonstrated in support of the Polish struggle and several Eastern European governments moved quickly to prevent the display of working class power from appearing again elsewhere. East Germany moved troops into its Baltic coast towns to prevent sympathy strikes and demonstrations. In Rumania, ostensibly untouched by the wave of upheavals in the late 1960's, Ceausescu quickly announced that his government had plenty of food for the entire winter, while Bulgaria, which supplies both winter fruits and vegetables and agricultural workers to the Soviet Union, took the precaution of announcing that it had no intention of raising food prices.

The complete defeat of the attempt to solve the food crisis by raising prices to cut working class consumption meant that the Polish government was forced to turn to capital investment in agriculture, and this was a major part of the Gierek reforms. In the interim, this also meant large increases in food subsidies (which rose from 27 billion zloty in 1970 to 100 billion in 1975) and grain imports to expand livestock production. As a result, per capita annual consumption of meat, for example, rose from 53 kilos in 1970 to 70.2 kilos in 1975. The ultimate political failure of these policies, however, was demonstrated by the inability to increase production to keep up with the rises in consumption and the continuing drain on the government's investment budget, which undercut accumulation.

These, then, are a few of the ways in which food and agriculture have been shaped by the class struggle in both West and East. If from 1954 to 1973 world food production rose faster than population growth (2.8 as opposed to 2.0 percent), as the U.S. Department of Agriculture claims, then it was in no small measure the direct and indirect outcome of the power of the working class to force that growth in the means of subsistence.<sup>51</sup> The demand either for more food directly or for higher wages and income to pay for food was an essential part of the struggles whose success both provoked and ruptured the development strategies of the 1950's and 1960's. At the same time, the struggles by both urban workers and peasants to resist attempts to link increased wages to more work were equally important in the working class strategy of pitting income against work. As the examples given in this section have tried to bring out, both the attempt to base development on rising productivity of agriculture and the refusal of that development were worldwide phenomena. Thus the struggle over the production and distribution of food were part of the international cycle of struggle which created the crisis of Western development in the late 1960's, and, as we will see below, the continued circulation of those struggles to the East would eventually force the socialist bloc into the same sort of crisis by the mid-1970's.

## V.

### **THE COUNTERATTACK**

The failure of the Development Decade imposed a severe crisis on capital worldwide. The general character of that cycle of struggles and the ensuing crisis was identified in *Zerowork 1* and the previous section of this article analyzed the food and agricultural

aspects of the problems facing capital in some detail. We must now turn to an examination of the role played by food in capital's response to the crisis - its counterattack.

What emerges from a close examination of this period is that the "food crisis" as an element of the counterattack was created and developed in a series of steps. First, behind the food power rhetoric of the 1970's was the elimination of U.S. food surpluses and the scaling down of PL 480 - acts which were aimed at preparing the way for the imposition of shortages and scarcity designed to weaken working class power. The new system was to be based on commodity trade, so that supply would ostensibly depend completely on effective demand rather than need and higher food prices could be brought about to undercut working class real income. *Second*, massive grain deals between the U.S. and the Soviet Union drove U.S. food prices sky high in 1972-1973 and again in 1975 while allowing the Politburo to cope with the demands of Russian and Eastern European workers for more food. *Third*, the initial impact of the export drive and grain sales was reinforced by monetary devaluation and by the energy crisis, which helped drive up the prices of fertilizers and other agricultural inputs, thus undercutting the income of farmers and peasants around the world. *Fourth*, these general policies were supplemented by specific attacks on the organized power of Western European peasants and farm workers in the U.S. *Fifth*, the attack on the working class through global inflation was buttressed by droughts and floods in the Third World that were converted into famines and used to undermine local peasant and nomad struggles as well as serving as warnings to workers everywhere. *Sixth*, the restructuring of global agriculture has been based on the growth of capitalintensive production in the U.S., new heavy investment in OPEC agriculture, and the restructuring of the famine-devastated areas in order to put rebellious peoples back to work in new and better-controlled ways. *Seventh*, the food crisis has begun to circulate to the socialist bloc, following the same pattern established in the West. We will now examine each of these steps in turn.

## **FOOD CRISIS AND FOOD POLITICS**

To all appearances, the world food crisis and its politics exploded in 1973 and 1974 as global agriculture was rocked by rapid food and fertilizer price increases in the West and by famines in Africa and Asia, while agriculture took center stage in international politics through a series of public political debates about "food power", agribusiness, and North-South relations. This controversy heightened in the period before the World Population Conference in August and the World Food Conference in November 1974.

During that period, leading U.S. spokesmen let it be known that as a reaction to the supposed Arab-imposed oil crisis, the U.S. was considering the possible counter-use of food as a weapon.<sup>52</sup>

Already in the fall of 1973, Kissinger had ordered a National Security Study memo on food and the House of Representatives undertook a study of the potential power the U.S. could attain with food embargoes. Despite the fact that both of the studies were negative (the NSC memo called for more study and the House report concluded that the OPEC states could get their needs met elsewhere), the rhetoric of "food power" continued unabated. In August 1974 the CIA prepared a report pointing to the growth of U.S. agricultural power in low world-production years, such that "Washington would acquire virtual life and death power over the fate of the multitudes of the needy." And yet, a period of food crisis, the report warned, would be a dangerous one to manage: "Whatever choice the U.S. makes in deciding where its grain should go, it will become a whipping boy among those who consider themselves left out or given only short shrift." Furthermore, there might be "increasingly desperate attempts on the part of militarily powerful but nonetheless hungry nations to get more grain any way they could." Massive immigration backed by force, the report continued, would become a very live issue: even "nuclear blackmail is not inconceivable."

The general outlines of the U.S. administration's response to such warnings emerged in the principle enunciated in and around the World Population and Food conferences: less population and less food. At the population conference, the U.S. delegation worked hard to push the line that population control was the major element in any effort to solve the food problem, while later in Rome, the U.S. representatives were reluctant to make any major new effort in food production and relief. In a speech at that time to the UN, President Ford threatened to use food as a political weapon by denying he would do so: "It has not been our policy to use food as a political weapon, despite the oil embargo." But what would be the policy in the future? Other U.S. spokesmen certainly seemed to indicate that a change was possible. "Hungry men listen only to those who have a piece of bread," said Agriculture Secretary Butz in August, adding in Rome the explicit statement that: "Food is a tool. It is a weapon in the U.S. negotiating kit." And Hubert Humphrey, the visionary of the tactical use of PL 480, declared: "Food is power. In a very real sense it is our extra measure of power."

On another side of the debate, these suggestions were attacked by Third World elites and liberal sympathizers as indications of an overreaction by the West to the raw materials-producing states finally getting a little bigger piece of the pie. For the Left it

was another chapter in the history of U.S. imperialism. In both cases, the framework of analysis was based on the dynamics of nation-states, not classes, with the result that liberals and leftists both missed the point completely. Meanwhile, a more sophisticated, influential, and revealing rebuff to the "food power" advocates came from cooler heads in the capitalist elite-a critique based not on morality, indignation, or ideology, but effectiveness and public relations. The food weapon, they said, could not be widely used as a diplomatic weapon in the ways being bandied about: threats and bluffs would work occasionally, but there are limits-and it looks bad as well. Playing God with food was seen as too blatant and too susceptible to provoking popular (read working class) opposition. The real politics of food are more subtle, it was pointed out: no razzmatazz, rather the mundane politics of price and supply in international trade and (to a lesser degree) disaster relief.<sup>53</sup> Despite the fact that this analysis was still presented in terms of relations among nation-states, by treating agricultural pricing and commercial allocation as "political" questions, it got closer to the heart of the class dynamics at work. And it also reveals that well before the diplomatic debates, the food weapon was already being used during the crisis years of the early 1970's. Shifts in production and trade policies had already been made which laid the basis for the effective but camouflaged use of that weapon.

### ***IMPOSING THE PRICE FORM***

The beginning of these changes might be dated from the shift to "self-help" and the more limited food aid policies of the Johnson years, but the decisive change came under Nixon and Butz as policies were implemented to virtually eliminate food reserves and promote vastly expanded U.S. exports.<sup>54</sup> Superficially, this was a "return to the free market" and an exercise in aggressive U.S. expansionism; more profoundly, it amounted to engineering a global shift from food surplus to food scarcity and the imposition of that scarcity internationally through higher food prices and (because of the virtual disappearance of PL480) absolute unavailability for those who could not pay. To make food available only on a commercial basis-that is, to impose the price form-amounted in this period to a global assault on working class access to the fundamental consumption good.

There were several steps in this shift of policy. First, a Presidential commission on international trade and investment policy concluded that a rational use of world food resources should be centered on highly efficient, capital-intensive U.S. agriculture to supply much of world grain needs; that the Third World should concentrate on the

production of labor-intensive crops like fruits and vegetables for export; and that Western Europe and Japan should reduce tariff barriers and import more from the U.S. This would increase capital's control over food production at the expense of the working class by concentrating grain production in the almost laborless (and hence easy to control) grain belt of the U.S., while emphasizing the production of labor-intensive crops in those areas where the working class is weakest.

The second step was the direct attack on food surpluses by greater cutbacks in acreage allotments for grain production, and the third was the export expansion drive. Acreage allotments were held down in 1970, 1971, and 1972 even after the massive Russian grain deal. The reduction of output limited the grain available for PL 480, and what was available was used to support the war effort in Indochina. The aggressive push to expand exports and lower foreign barriers was aimed especially at Europe, Russia, and China. This push began, along with much of capital's counterattack, with the dollar devaluation of August 1971, which gave U.S. agribusiness a boost in foreign markets.<sup>55</sup> A rapid increase in exports followed the devaluation, along with the grain deals and the second devaluation in 1973. Inherent in this policy was the plan to effect a general rise in food prices; a secret document prepared by the Agriculture Department reportedly admitted explicitly to this objective. Superficially, these moves concerned the faltering U.S. balance of payments. But the source of that problem lay in capital's slipping control over its workforce and the consequent negative impact on productivity and "competitive position."

Domestically in the U.S., this policy was accompanied in 1971 by the first attempts to reverse the welfare gains of the 1960's by reducing food stamp and other cheap food programs. In both 1972 and 1973 the U.S. administration impounded over \$200 million in food stamp funds, and although these direct moves were defeated, the rise in food prices achieved the same effect by undercutting the value of the stamps.<sup>56</sup>

The factor which seemed to be fundamental in making these policies a success was the bad weather of 1971-1973, which hit large parts of Africa, Asia, and the Soviet Union, reducing food output. This made the growing food shortages appear "natural," and there was much discussion for a while (now largely moderated or discounted) of a long-term shift in global weather patterns-a cooling trend in which the U.S. was seen by CIA analysts and other observers as gaining even more dominance over food production.<sup>57</sup> Yet, as we continue to see, it was not simply nature, but the politics of class struggle that gave the food weapons of price and aid their real clout.

## **THE RUSSIAN GRAIN DEALS**

The story of the Soviet grain purchases in 1972 of some 30 million metric tons from the U.S. is now well known, and the complicity of the U.S. government with the grain trading corporations and its acceptance of the impact on prices has been strongly criticized in many places.<sup>58</sup>

What has been too frequently overlooked in the various analyses of the deal, however, are the reasons why the Soviet authorities went into the market so deeply that they had to sell gold stocks. Besides the obvious weather factor, Western commentators often point to inefficiencies supposedly resulting from "doctrinal rigidities" and the absence of "free competition" as the causes of the Russian agricultural difficulties. But behind the "inefficiencies" has been the failure to control working class struggle in the countryside (which has limited production) and consumption demands in the cities (which have made it politically impossible to respond to the crop failures of the 1970's with the belt-tightening techniques of the 1950's): in other words, exactly those phenomena that forced the Soviet government to pay high food subsidies to keep producer prices up and consumer prices down. With the memory of the 1970 Polish uprising against food price increases undoubtedly still fresh, the planners in the Kremlin sought the grain deal as a way of reducing the threat of a repetition of the food riots of 1959-1962-riots that had previously forced the Soviets into the U.S. market in 1963 and 1965.<sup>59</sup>

The demands of the eastern European and Russian workers which had to be satisfied were not, however, for more bread, but rather for more meat. The massive grain purchase was to be used for livestock consumption, which had been allowed to decline. At the same time that the Russian government decided that increased meat production and consumption was a political imperative, it also apparently decided that the shift of resources necessary to achieve that end would be done in such a way as to begin to restructure agriculture in the country. Instead of supplying the imported grain to the traditional collective farms or to the private farmers, the government began to emphasize heavily the creation of hundreds of industrial-type livestock complexes with highly mechanized systems for storing and supplying feed and water, and removing and processing manure for fertilizer.<sup>60</sup> Similar agroindustrial projects have been launched in Bulgaria and Hungary,<sup>61</sup> with the declared aim of increasing labor productivity and lowering production costs. The complexes will not only take care of supplying meat to urban workers, but will also help to deal with the problem of controlling workers on collective farms and private livestock producers; and thus the Soviet government has

followed the lead of the U.S. in using mechanization to undermine class struggle over agricultural production and the consumption of food.

## **INITIAL WORKING CLASS REACTION**

This new agricultural strategy and the grain deal produced a sharp round of protest from U.S. workers, whose food bills skyrocketed first for grain products themselves and then for grain-derived products, especially meat. Consumer groups staged boycotts that created pressures that were at least partly the cause of the government's 1973 move to impose export controls on soybeans-a move which infuriated many U.S. customers, especially Japan, where workers depend on U.S. soybeans as a basic foodstuff When the Russians re-entered the U.S. grain market in the summer of 1975 and quickly bought ten million metric tons, the working class reactions was immediate, and the U.S. government was forced to suspend further sales "while the supply and demand situation was studied." Not only did consumer groups warn against a repetition of the 1972-1973 situation, but members of the International Longshoreman's Union working in Gulf, Atlantic, and Great Lakes ports launched a boycott-a refusal to load grain for Russia-until they were persuaded that the sales would not provoke substantial rises in consumer food prices. The government responded with a pledge to regularize grain sales-the aim was not to limit the sales per se, but to stabilize them over time so the upward pressures on prices would be less cyclical and thus less politically volatile. The pledge was carried out through a five-year agreement in which the Soviet Union will purchase at least six million metric tons of corn and wheat each year. The trade and the pressure on prices and world availability was thus institutionalized.<sup>62</sup>

One of the reasons why consumer groups, especially those made up of housewives, have played such an important role in the protests is that higher food prices not only cause a drop in real income, but they also mean more housework. The work of shopping grows more difficult as the dollar has to be stretched through comparative shopping. The work of food preparation increases as working class consumption shifts to less-prepared foods. Higher prices also encourage increased and more serious gardening work, as well as expanded work in canning and freezing. (A major protest during this period was against the shortage of canning jars and lids following the rapid spread of this activity in the U.S.) And, of course, the rising costs of food and other goods generally increase family tensions and confrontations, and thus the work of patching them up. All of this means that one essential aspect of the "food crisis" has been the counterattack on women, whose struggles against housework in the 1960's were one of the key elements in that cycle of struggle, just as the reduction in the value

of food stamps, free lunch programs, and surplus food distribution was an assault on the welfare gains (primarily of women) in that period.

In all these cases of reduced real income through higher food prices, there is a consequent transfer of value from the working class to food producers and processors. But who in fact receives this value? And what is the real impact on the structure of agriculture? It was discovered after the grain deal that those who profited most were not the mass of grain farmers, but the five giant trading companies who negotiated the deal secretly, enabling themselves to buy cheap and sell dear, and thus reap unusually large profits. When this became known, the farmers protested, but the damage was done. Yet, since prices remained high, more farmers were able to sell later at higher prices and thus make considerable gains in income. In fact, cash receipts from marketing in U.S. agriculture as a whole rose from \$61.2 billion in 1972 to \$86.9 billion in 1973, while net average real income per farm rose from \$5106 in 1972 to \$8434 in 1973.<sup>63</sup> (These initial gains were, however, quickly undercut by the "energy crisis" and the rapid rise in the price of energy inputs, especially fertilizer.) As a result, the price index of production input items as a whole rose from 122 in 1972 to 146 in 1973 to 172 in 1974.<sup>64</sup> This of course meant that through the energy crisis another transfer of value was taking place—from agriculture to input suppliers, especially the highly capital-intensive fertilizer and oil industries. In this way, the superficial transfer of wealth from urban workers to agricultural workers (farmers) masked the more basic transfer of value from the working class as a whole to capital, particularly to the sectors with the highest organic composition. As a result of this outflow, average net income per farm fell from its high of \$8434 in 1973 to \$5721 in 1974 and down to \$5320 in 1975.<sup>65</sup> Moreover, these general average figures hide the differential aspects of the decline: as always, the biggest farms held their own or made profits, while the average decline resulted from large drops in the income of small farms—an indication of the continuing concentration of agriculture as the small farms went increasingly into debt and often went under.

Although the contribution of artificially high energy prices to capital's strategy goes far beyond its impact on agriculture, that crisis nonetheless contributed substantially to making food scarce—both relatively through prices and absolutely through famine—and to the global restructuring of agriculture. The mechanisms of this are twofold: first, the rise in prices of both energy and fertilizer and the subsequent shortages hit hard at farmers, especially small ones throughout the world. Second, the price rise itself resulted in a massive transfer of capital into the OPEC countries, which gave those countries the means to invest heavily in highly capital-intensive, import-substitution agriculture. These two phenomena deserve closer attention.

## **THE FERTILIZER SCARCITY**

Within the U.S. the increased use of mechanization and agrichemicals between 1940 and 1970 not only turned agriculture into the second most capital-intensive industry (after petroleum), but also made it highly energy dependent.<sup>66</sup> Globally, the fertilizer push of the 1950's and 1960's had two major effects. First, it dramatically increased the use and hence the dependence of agricultural productivity on the energy sector. Second, the vast investments in increased capacity which the oil companies had sunk into the fertilizer industry in the optimistic days of the Green Revolution led to a glut in the market and a disinvestment movement by the disillusioned "Seven Sisters" that extended to 1971-1972. As we saw, this trend was accelerated by the drop in food aid; but that drop laid the basis for a shift from glut to shortage. With most food exports on a commercial basis by the time of the grain deal, food prices shot up and stayed high; in consequence so did the demand for and hence the price of fertilizer, with the result that the overproduction condition vanished and in late 1973 shortage first appeared. By mid-1974 the U.S. Agriculture Department and the industry sponsored Fertilizer Institute were predicting anywhere from a .5 million to a 1.5 million-ton deficit in the U.S. alone. The situation was said to be similar in Western Europe, Japan, and Russia - all of which, along with the U.S., put restrictions on fertilizer exports, exacerbating the impact of the oil squeeze on the importing countries of the Third World: the "fertilizer crisis" had arrived.

Despite the increases in capacity that were bound to emerge in response to the higher prices, the huge financing requirements for such investments were outstripping the capital market's ability to supply funds in many areas; moreover, the permanently higher cost of energy meant that fertilizer prices too would be permanently higher - this was not just a boom/bust cycle. Compounding these factors was the fact that in many countries of the Third World the failure of Green Revolution technology to stem peasant unrest in the second half of the 1960's led to a reversal of agricultural policy in the 1970's. In India, for example, the fertilizer crisis emerged very quickly because local production after 1969 was given a low priority in agricultural development, which itself was subject to a general reduction in the allocation of funds. The switch in policy was so blunt that B.S. Minhas, an advisor to Indira Gandhi who had been pushing the government to adopt land reform along with the introduction of high-yield varieties, quit in disgust. He pointed out that Indian budget outlays for agriculture had dropped steadily between 1971 and 1974 despite the drought and food shortages of late 1973 and 1974. In this situation news stories with headlines like "Rising World Fertilizer Scarcity Threatens Famine For Millions" were not far off the mark; but, as usual, the political origins of the

conditions were barely mentioned. Instead, as with food scarcity more generally, the occasion was seized upon to split the working class. Calls went out from so-called humanitarian groups and capitalist planners that the way to provide fertilizer to grow food for the hungry of the world was to drastically reduce its overconsumption by people in the U.S., prompting Congress to pass special resolutions urging the cutting back of "non-critical, non-food-producing uses of fertilizer." President Ford was called upon by the Senate to appeal to Americans to stop using fertilizer on lawns, flower gardens, golf courses, and such. In short, the browning of America was presented as the only hope for the greening of the starving world. In the course of these arguments it was suddenly discovered that fertilizer was not being allocated by need, but by effective demand; that an extra pound of fertilizer in India would produce more food (ten pounds) than in the U.S. (two to five pounds); and that the annual three million tons of fertilizer used in *non-food* production in the U.S. was equal to the entire annual Indian fertilizer use in *food* production. And, of course, the blame for this irrational state of affairs was said to lay, once again, with the thoughtless profligacy of the people of the U.S. - their immorality not, never with the crisis strategies of capital.

Despite these calls for self-sacrifice to permit greater supplies of fertilizer to be obtained by the oil-poor countries of the "Fourth World," aid-financed fertilizer imports in 1974 remained at the 1973 total of some 1.7 million tons, so that the growth rate of fertilizer consumption in the developing countries fell to half the long-term rate. Even the creation of a new FAO International Fertilizer Supply Scheme did little to improve matters, adding only 380,000 tons to aid-financed supplies.

Given these shortages and their expected continuance, the aid lobby groups also began to promote do-it-yourself remedies in fertilizer, as in other areas of food and health. Their fascination with China's labor-intensive methods arose again with the new romance of "organic" fertilizers-the logic of which is almost as superb as its potential for absorbing unpaid, wageless labor. Along with composting in the growing number of suburban gardens, the use of village "night soil" and the reconversion of city sludge were presented as the answer for the Third World-not because organic recycling makes good ecological sense (which it does)-but because much of it provides the labor-intensive work capital now needs and because it is seen as posing no threat to the existing fertilizer industry or to capitalist control in general. Either organic fertilizers will not hurt the expanding market or they will become big business Oust like organic foods). Since modern specialized farming geographically separates animal and crop production, the transformation and transportation of city/feedlot wastes into field fertilizer can become a business in itself.

While propagandists moved to pit worker against worker, while the aid agencies failed to provide needed supplies, and while organic gardening was achieving a new popularity among capitalist planners, the fertilizer industry was in fact moving in response to rising prices to expand capacity. But it was moving into just those developing OPEC countries like Indonesia which had the wealth and resources already, not into those areas now subject to increased underdevelopment. There is now talk of creating, once the new capacity permits, a world fertilizer bank, like a world food reserve.<sup>67</sup> This, firmly under the control of capital, would become at best a new dole and more likely only a means to prevent fertilizer prices from falling again during periods of overproduction. Despite this expected increase in capacity and supply, the U.S. Agriculture Department estimates that developing countries will still be importing over two million tons in 1980, and the Development Assistance Committee of the OECD has stated that the possibility of shortages later in the 1980's cannot be excluded. Clearly, the fertilizer crisis as part of capital's counterattack is here to stay for some time.

### **THE ATTACK ON AGRICULTURAL LABOR**

Despite the damage already done to small farmers by the energy/fertilizer crunch, the speed of transformation of U.S. agriculture has not been fast enough for some of the top American policy-making groups. The influential Committee on Economic Development called in 1974 for long-range planning that would include the elimination of some 75 percent of remaining farms, which market only 20 percent of total agricultural production. This, the CED suggested, could be facilitated by substituting a federal welfare program for poor farmers in place of agricultural support programs and by encouraging small farmers to move into other lines of work.<sup>68</sup>

This call for the elimination of U.S. small farmers was the counterpart of the Mansholt Plan in Western Europe.<sup>69</sup> A response to the failure of the "Green Plans" of the 1960's to achieve the goals of agricultural restructuring set out in the 1958 Treaty of Rome, the Mansholt Plan was a new attempt to solve the European "peasant problem" - a difficulty for capital that is very similar to what are called the structural problems of U.S. agriculture. The elements of the problem were: 1) the high proportion of the labor force still in agriculture (14.2 percent in the European Economic Community as opposed to 4.8 percent in the U.S.) and still engaged in essentially small scale-family farming rather than large-scale, capital-intensive, wage-labor operations; 2) the political power of these peasants to exact income support through high agricultural prices while they refuse to cooperate with overall capitalist planning; 3) the low out-migration rate from rural areas,

which was judged inadequate to meet the demand for industrial and reserve army workers and which especially agricultural workers from the Caribbean and Mexico.<sup>70</sup>

In the agriculture of the U.S. Southwest, the attack on the farm workers during the crisis has taken two related forms. On the one hand, there has been a renewed attack on farm worker organization, especially the UFW, to reverse their victories of the late 1960's. On the other hand, and more recently, a direct campaign of repression is shaping up under the illegal alien question.

The counteroffensive against the UFW in the early 1970's was based primarily on a new attempt to use the Teamsters against the power of farm workers.<sup>71</sup> This began in California's Salinas Valley in 1970, when growers rushed to sign "sweetheart" contracts with the Teamsters to head off an expanded drive by the UFW. This led directly to a widespread UFW strike that involved a major and violent confrontation between that organization, now backed by the AFL-CIO, and the grower/Teamster alliance.

The growers' attack was renewed in 1972 with help from Presidential candidate Richard Nixon and in 1973 with the Proposition 22 campaign in California and a Teamster assault on UFW grape contracts. The Teamster takeover of contracts touched off the most violent farm labor strife since the 1930's as the UFW struck back with a walkout. The result was a five-month battle in which two UFW workers were killed and hundreds were injured - mainly by the police, Teamster "guards", and local high school athletes, some armed with baseball bats, which the union hired. The UFW strategy was to clog the jails - over 3500 of their members and supporters were arrested. Once again the UFW gained national sympathy, but by the end of the summer it lost almost all its California contracts. The growers were succeeding in replacing UFW contracts with Teamster pacts that were less onerous and that allowed better control over labor.

At this point the UFW was back to ground zero, except for the support it had built over the years; and that support was crucial when Chavez declared war on the Teamsters and stepped up the nationwide lettuce and grape boycotts. Not only did he get official AFL-CIO support, but according to a later poll, the UFW was being backed by some 17 million Americans who stopped buying grapes and some 14 million who stopped buying lettuce. This effort accompanied a UFW drive in support of a new labor law in California that would grant government protection for union elections. The campaign was boosted by the support of Governor Jerry Brown and other national liberal figures, and the legislation was passed in 1975, providing not only for election supervision, but even some measures of unemployment compensation for farm workers. As a result of the

subsequent elections held under the new law in 1975, the UFW won back a great many of its previously held contracts; according to one report, by the end of 1975, the UFW had more than quadrupled the size of its formal membership. The effectiveness of the grower/ Teamster assault had been drastically reduced, if not eliminated. This victory has apparently been made official more recently by the signing of a five-year agreement between the Teamsters and the UFW giving the latter jurisdictional rights in organizing farm workers in 13 western states.

In the second aspect of the attack on farm workers, the growing offensive against illegal aliens, the UFW, like the AFL-CIO as a whole, has exhibited complicity. The union even went so far, at one point, to set up its own armed border patrols and perform police functions in rounding up illegals and delivering them to the Immigration and Naturalization Service (INS). The arguments used to justify this were the same used in connection with the opposition to braceros: that the illegals were strike-breakers whose immigrant status made them weak and difficult to organize. The alternative strategy - the one used so effectively in Western Europe - of organizing the immigrants into alliances with native workers, of beginning to organize across borders, was, to all appearances, never seriously considered. Such consideration has, however, been forced upon Chavez in the past few years as the UFW has come under increasing attack by militant Chicano groups who see that its strategy divided and weakened the Chicano movement as a whole. As a result, the UFW has been forced to change its position, calling for "legalizing" illegals and organizing them-a shift which could have profound implications; for if the farm workers movement can bridge not only the racial and ethnic divisions among native workers, but the national division, this would accelerate the circulation of struggles on both sides of the border.

But as the UFW moved to function less as an agent of capitalist division, this has been countered by the initiation in 1975-1977 of a national campaign against illegals, with attacks occurring throughout the country as well as the Southwest.<sup>72</sup> The INS has intensified its efforts to round up and deport illegals, and there have been moves to increase INS funding, establish heavier penalties on illegals, and impose effective restraints on employers of illegals. At least two different bills involving these steps, one sponsored by Peter Rodino in the House and one by Edward Kennedy in the Senate, are under discussion in Congress. And the Carter Administration is already moving to support these efforts to tighten up the border and move against illegals. The new secretary of labor, Ray Marshall from the border state of Texas, favors such measures and is expected to mobilize support in the government. Yet, given the critical role played by illegals in weakening farm worker and other Chicano struggles, it seems unlikely that

the border will in fact be closed. But what is already happening is that the whole campaign is producing a wave of terror against the Chicano community. Already in the past year in the Los Angeles area, there have been repeated attacks on aliens, including beatings, rapes, and kidnapings-all with the tacit sanction of the public anti-alien campaign and aided by the failure of the INS, the FBI, and local police to curb these attacks. As new alien control programs are pushed through Congress, the increased threat of official raids will have the effect of making legal workers want to be clearly differentiated from illegals, thus undermining the declared aim of the new UFW policy. Whether the union, which, after all, was *forced* to change its position, will attack this danger head on remains to be seen, as does the outcome of other attempts to organize Mexicans and U.S. Chicanos together. That there is a basis for organizing across the border has been made clear by the development of farm worker and peasant organizations in northwestern Mexico over the last few years - which has led to rapid wage increases (33 percent in 1974 and 35 percent in 1975) and the dramatic land seizures and expropriations in November 1976.

These attacks on workers in agriculture have occurred throughout the West as one element of the capitalist counterattack. As we have seen, they have included moves against both small farmers/peasants and farm workers-partly through the energy crisis/fertilizer squeeze and partly through special government actions. In the case of foreign workers, the attacks have been part of a general assault on immigrant labor in areas where capital unsuccessfully tried to use them to weaken local worker struggles, as in Western Europe and the northeastern U.S.

The other side of these attacks on immigrants as well as of the energy crisis has been the investment of billions of dollars in capital-intensive agriculture and industry in the OPEC countries. In Iran and Iraq, for example, where vast sums are being invested in the expansion of large-scale agribusiness complexes, the labor situation is the reverse of that in Western Europe. There we find the importation of large numbers of workers for both urban areas (e.g., South Koreans and Pakistanis in Iran) and the countryside (e.g., Iraqi plans for importing up to a million Egyptian peasants). As a result of an organization of these investments which largely bypasses local peasants and city workers, there has been a rise in landlessness, joblessness, and unrest. A recent study of OPEC development plans has pointed out that despite the vast amount of capital with which these regimes have been entrusted, the rising unrest is undercutting the accumulation potential of even Iran and Iraq by forcing up social expenditures. In 1974-1975, for example, Iran was already paying \$1.2 billion in food subsidies as rural agitation forced the government to keep producer prices high. And as the peasants

move into the cities, the government is finding it necessary to make welfare expenditures to "dissipate social tensions." In light of these phenomena, serious questions are now being raised as to the viability of future OPEC-centered accumulation.<sup>73</sup>

### ***LETTING THEM STARVE***

That capital was willing to create and use famine as a political weapon in the 1970's was presaged by Johnson's callous withholding of food during the 1965-1966 Indian drought in order to exact concessions from the government of that country. But in that move at least, Johnson and others could later claim that it was made in the interests of promoting the Green Revolution and the Development Decade, which would supposedly end famine for all time. In the 1970s, when famine became a more explicit political weapon, the usefulness of these phenomena to capital, both locally and internationally, started to become clearer. Locally, absolute famine-like food scarcity and high prices more generally-has been a tool for weakening the power of peasants and city workers, of breaking their wage struggles and making both groups more susceptible to capital's control and remolding. Internationally, famine in one part of the world has come to serve as a stern lesson to workers everywhere on the extent of capital's power: if, given today's high agricultural productivity and the sophisticated means of transportation, a group of people can still be allowed to starve, then workers everywhere are threatened by the same possibility. Yet, such bold exercises in power have had to be disguised, since too stark a confrontation with workers often unifies and strengthens the latter. So instead of capital taking this stance openly, its ideologues have sought to shift the blame for famine both onto the working class by accusing it of unrestrained reproduction and onto "uncontrollable nature" by allowing drought and famine to initiate and hide these moments of counterattack and discipline.

The major famines of the 1970's were in East Africa: Somalia (1969 onwards), Kenya (1970-1971), and Ethiopia (1972 onwards); West Africa: the Sahel-including Chad, Niger, Upper Volta, Mali, Mauritania, and Senegal (1972-1975); and Asia: Afghanistan (1971-1972) and Bangladesh (1974-1975). In the Western Hemisphere, by far the most serious case of famine and undernourishment was that imposed on Chile after the overthrow of Allende in 1973.

The most remarkable thing about these famines was that triage was in effect practiced through the decision not to intervene until it was too late to prevent tens and even hundreds of thousands of death. The refusal was on the part of provincial and national

governments and such international aid donors as the U.S. and France; yet the reason for slowness and ineffectiveness of the relief efforts, lay ultimately not with bureaucratic ineptitude or lack of will per se, but with capital's need to reestablish control of the working class. On the one hand, the international demonstration effect-the intimidation of one group of workers by starving others-is evidenced by the famines themselves and by the campaigns to reduce consumption in the developed countries; on the other hand, the question remains why people *in these particular countries* became the victims.

The answer lies partly in the fact that floods and droughts presented the occasion. But droughts and floods also occur frequently in the U.S. and Western Europe, where the result is usually dislocation, higher food prices, and increased malnutrition-not widespread famine. The reason why the 1976 drought in Europe or the 1977 drought in the western U.S., for example, did not and will not lead to famine, while droughts of equivalent gravity in other countries have, is that the balance of power between capital and the working class in Europe and in the U.S. make it impossible. That this balance of power is the decisive factor in determining the extent of the impact of droughts and floods can be seen in the cases of the African and Asian famines and even more so in the case of the completely man-made disaster in Chile. There, the force of arms of the military junta took the place of flood or drought to smash a working class whose power to raise wages much faster than productivity had been the real destabilizing factor in the Allende regime. And in Africa and Asia, inadequate and late relief efforts helped to crush groups of peasants and urban workers whose struggles had enabled them increasingly to escape local and international capitalist control.

In the Afghanistan famine, the immediate cause was a two-year drought that destroyed grazing lands and flocks; but the conversion of this situation into a famine occurred because it took place in the western part of the country - an area from which the Afghan government extracts wheat and sheepskins, but one over which it has never been able to establish complete control, neither over peasants nor migrant herdsmen.<sup>74</sup> So, when the conditions of famine developed, the central government was slow to react either on its own or in requesting international aid. Authorities waited until even the seed grain had been eaten and close to one-half of the country's sheep, goats, and cattle had been butchered for food or had died. And once it did initiate some relief efforts in collaboration with the U.S. Agency for International Development and other donors, it allowed local officials to steal the supplies and sell them on the black market. (Though in at least one province, this practice was blocked when an angry starving mob attacked the governor's office-an act that prompted distribution of free wheat.) The famine probably also served the central government's purposes as an example to the students and urban workers

whose unrest in the capital city of Kabul had been growing. At the same time, the U.S. policy, being promoted by Peace Corps volunteers and Nixon's special envoy, John Connally, was to provide aid in the form of *food-for-work* projects in which starving people were compelled to work on road construction or landscaping the local mosque in exchange for their subsistence. But even then, the payment levels were so low that even if the Afghans were learning their lesson, they were dying in the process: in one province with 19 food-for-work projects, during the second year of the scheme about 300 tons of wheat were still owed for work completed the previous year. In all, despite the "aid" efforts, an unofficial government estimate put the number of dead from starvation at nearly 80,000.

Drought was also converted into famine in country after country of Africa, both before and after the Afghanistan debacle. As in that country, the major groups to be decimated were populations which governments had had difficulty controlling - from the desert nomads who had maintained a fierce autonomy to the guerrillas and their overt resistance in northern Chad. The African droughts, which grew more and more serious in the 1970's as the annual rains repeatedly failed, struck hardest at the nomads who grazed their flocks along the edge of the Sahara (the Sahel) and the subsistence farmers who cultivated marginal lands. It affected least - and therein lay one historical cause of the famine - the commercial farmers of export crops, who monopolized the best lands and most secure water supplies - although in the end they too were often struck. As has now been amply demonstrated, the vulnerability of millions of nomadic and subsistence Africans to the drought was the direct outgrowth of the colonial policies of primitive accumulation: forced labor, high taxes, and especially the appropriation of the best lands and their conversion to export crop production for the benefit of the colonialists. Among the apologists of capital these historical roots have been conveniently overlooked, and what little analysis of the famine there has been has tended to blame the nomads for overpopulation and overgrazing.<sup>75</sup>

What is also not stated is that the drought by no means burst the scene unexpectedly; rather, it grew steadily for almost six years until the people of the Sahel finally began to collapse massively - by the millions - in the autumn of 1972. Moreover, at the international level, for at least four of those years the U.S. government and the FAO each had over one hundred officials working in the area, officials who observed the spread of the drought and the collapse of the people and the economy, and who sent in report after report documenting the steady movement toward catastrophe. And yet both organizations not only did nothing to stem that decline, but made no preparations

whatsoever to deal with the coming famine: by their inaction they in effect guaranteed that it would occur.

Nor did the governments of the countries concerned move quickly to stem the effects of the drought. Rather, they ignored the growing problems for the most part and even exacerbated them by continuing to demand that peasants pay their taxes. The officials were quite willing to allow the herds of the nomads to die and the people to begin to starve. It was only when the nomads, their way of life and their independence totally destroyed, began to stream out of the desert and into the villages, and only when village after village fought back against the governments' increasing oppression by refusing to pay taxes and abandoning the production of export crops, that the African governments began to move. Yet, when they did move, it was often further repression, not relief, that came first with troops being sent in to put down the revolts of the starving. It was only these struggles of peasants, nomads, and townspeople against the governments that forced officials to take steps to prevent the disasters from being even more serious.

Though the cases of peasant militancy are numerous, the most obvious point of linkage between famine and the class struggle in the Sahel was Chad, where a guerrilla movement had since 1966 been fighting both the Chad government and the French Foreign Legion. Reports from that country have left little doubt as to the way drought and famine were used against the rebels: as the drought spread, the government not only refused aid to the rebellious regions, but ordered the army to seek out water holes in those regions and fill them with sand! Torn between using famine relief to undercut the support of the local population for the guerrillas and its desire to starve out the latter, the government opted for the second strategy. As a result, Chad was the last of the Sahelian countries to request foreign aid against the famine.<sup>76</sup>

When both international and local capital finally did move to limit the devastation in the Sahel, the actual aid flows in 1973 and 1974 were slow in coming, limited in quantity, and distributed discriminately against the nomads and other rebellious groups. One reason food aid was slow in coming, aside from the political motivations underlying the general lack of bureaucratic action, was that the same commercial manipulations - such as the 1972 Russian grain deal - which had driven up prices in the West had also swamped available transport facilities and reduced the amount of grain available. And when the grain was purchased and sent to countries such as Chad, it often turned out to be birdseed or coarse animal feed sorghum that was unfit for human consumption, causing widespread debilitating diarrhea, especially among the nomads accustomed to a high protein diet of meat and dairy products. As the distribution of this food (such as it

was) was largely left up to the African governments, the discrimination against the nomads was extensive-a situation documented by international observers, including a U.S. official who declared that "the nomads are being wiped." However, the U.S. government refused to release information on the matter and tried to suppress a report by some of its own observers, thus indicating that the starvation of the nomads was something the U.S. government had little interest in preventing.

East of the Sahel, in Ethiopia, the same story was repeated as the Selassie government used famine against the peasants of Wallo Province at the same time as it used guns and napalm against the Eritreans. The heart of the matter was candidly expressed by Haile Selassie himself: "We have said that wealth has to be gained through hard work. We have said those who don't work starve..." And starve they did-an estimated minimum of 100,000 in the first two years of the Ethiopian famine alone.<sup>77</sup>

One other example must be noted-that of the Indian subcontinent from 1970 to 1975. In India, after the successes of the Green Revolution raised grain production, output fell drastically in 1972-1973, leading to shortages and food riots in the latter year. Output rose in 1974, but dropped again in 1975 - the point at which Prime Minister Indira Gandhi declared the state of emergency in which she accelerated the attacks on the working class in the country. Industrial workers were faced with the banning of strikes and the freezing of wages; peasants were faced with the pushing down of producer prices while energy, fertilizer, and other input costs rose sharply-and the weakest sectors of the Indian working class became the target of the government's compulsory sterilization program.

More dramatic still was the devastation of Bangladesh after the cyclones of 1970 were followed by civil war in 1971, drought in 1972, floods in 1973 and 1974, and finally famine in 1974 and early 1975. It is in the case of the response to the threat of famine in Bangladesh that we find further striking evidence of how triage functions in the 1970's. When the government of the country was unable early in 1974 to obtain credits to finance the purchase of food supplies at the new, much higher prices and turned to the U.S government for assistance. Washington stalled. As Emma Rothschild has pointed out, there was much talk at this time in the Treasury Department (and doubtlessly elsewhere in the U.S. government) of the merits of triage.<sup>78</sup> As this debate continued, conditions grew worse in Bangladesh, and when the U.S. finally decided to act, it was too late to prevent widespread food shortages and famine. The result was thus an unofficial but nevertheless effective case of triage. In addition, the shipments of food which have gone to the country since that time have been used not simply to feed

people, but to impose widespread forced labor in the extensive ford-for-work programs. About these brazen schemes for the imposition of work on starving people in Bangladesh, the Wall Street Journal has editorialized enthusiastically:

*The government has put two million men and boys [and women and girls] to work building canals and levees to control the monsoon floods and channel the water into irrigation. Each worker is paid six pounds of wheat for every ton of earth he moves.*

*Now there are a lot of things about this program which jar the modern mind. It is things about this program is hard back-breaking labor in an age when there are machines that could do the job with easy massive gulps. The pay is low. The system is akin to piece work, which American unions detest because it encourages competitive effort... But having said that, there remains the fact that Bangladesh is reaffirming a truth as old as man himself: to eat, you must work.. Richer nations might even see a lesson for themselves.*<sup>79</sup>

## **RECONSTRUCTION**

While the above outlines the ways in which famine has been used as a repressive measure against the working class both in underdeveloped areas and through an international demonstration effect, so far nothing has been said about the plans and projects of capital in the second phase of the crisis-the restructuring of these areas. What follows are some indications of that process.

In the Sahel, the peak period of the famine relief effort in 1973-1974 was followed not only by rain in 1974 and 1975, but by long-range planning for the restructuring of the region. Various studies were carried out by such agencies as the U.S. Agency for International Development, the World Bank, and the FAO, all of which concluded that the crisis would continually "reappear" unless massive developments to change much of the social and economic system of the area were undertaken.<sup>80</sup> The extent of the supposedly needed changes can be judged from the specified production goals to avoid future catastrophes: given existing population growth rates and low consumption levels, output growth rates of more than ten percent a year were said to be necessary - a level unheard of in these areas, even in good years. The main points of agreement of the reports concerning structural changes were: modernization of dryland farming to increase yields with new technology, expanded use of irrigation, and the transformation of the nomads' animal husbandry methods into more sedentary ones. The last is

particularly relevant to the politics of the famine, for although there were some variations among the reports concerning the methods of regulating the nomads, all agreed that the nomads' extensive form of production would have to be supplemented by intensive livestock production. Not surprisingly, several of the studies also worried about how such drastic measures could be introduced into the area and imposed on the population. As was realized in Chile, the planners of the Sahel were forced to recognize that it is one thing to smash a group of workers by overwhelming force or neglect, to reduce their wages or income below the subsistence level. It is quite another to overcome the ultimate weapon of the working class in the face of such defeat: the refusal to work productively.

To develop further plans for the restructuring of the area and to mobilize the financial resources - public and private - as well as the bureaucratic management necessary to carry it out, Western capitalist planners joined together with representatives of the African countries to form the Club des Amis du Sahel in March 1976. The club formulated a basic ordering of priorities (with the transformation of agriculture first) and setup a series of projects to synthesize previous studies and begin additional research on programs and strategies to be implemented.

To the east of the Sahel, we can get a glimpse of the sort of development the Club des Amis may have in mind. In the Sudan, one of the countries bordering the Sahel and one with which the various reports were often partially concerned, a major agricultural development effort is being launched, with the Arab Authority for Agricultural Investment and Development planning to invest an estimated \$2.2 billion in some 60 projects over the next five years. According to the head of the technical assistance programs of the Arab Fund, "the main objective is to provide Arab countries with food and agricultural products that now have to be imported from out side the Arab world ....We also want to provide a market for the exports of other Arab countries, such as fertilizers, pesticides and machinery. Beyond that, the authority will provide avenues for turning Arab money into commercial agribusiness ventures in the Arab world." According to Chase Manhattan's *Mideast Markets Report*, the fund is also expected to encourage joint ventures with Western companies. But what is considered the material basis for expecting success in such investment? Simply that the Sudan is judged to have plenty of the required factors of production: "It has land, sunshine, people and water aplenty." Yet the recent history of the country suggests that "people" is not a coequal, but the key "factor of production," and the Arab plans are aimed at putting the Sudanese people, especially the black population in the south, to work producing food and agribusiness

profits-this is what the restructuring and "development" is all about.<sup>81</sup> (There are similar plans for Afghanistan. <sup>82</sup> )

But lest one jump to the conclusion that socialism would perhaps constitute a viable alternative to this invading capitalist investment, let us take a look at Somalia, another of the East African countries hit by drought and famine. There the socialist military government acted much like the other regimes of the area: dislocations caused by the drought and famine besetting Somalia were seized upon by the governing military council to speed up a timetable for resettling nomads - who constitute some 80 percent of the country's 4.5 million people. The main differences seem to be the particular institutions into which the nomads have been forced and the fact that the government has been more efficient in handling relief and initiating the restructuring process. Almost immediately, the nomads in refugee camps were being fed "scientific socialism" along with their food and medical care. The aim, as in the Sahel, is to permanently settle the nomads and to put them to work under more controlled conditions. The difference between Somalia and Chad, for instance, is only a matter of form: in the former, communes of the socialist model under strict military discipline rather than private agribusiness Arab-style or ranching U.S. A.I.D.-style.<sup>83</sup>

To summarize: through high food prices in the "developed" West and famine in Africa, Asia, and Latin America, capital has used underdevelopment in the form of reduced access to food against the working class. In the Soviet Union and Eastern Europe, on the other hand, during the period 1971-1975, development in the form of rising food availability and investment in agriculture, albeit under changing conditions of production, continued the agricultural strategies of the 1960's. But if this difference has existed until recently, there are now growing signs that the "Western" counterattack through food and energy price manipulation is now emerging in Eastern Europe and the Soviet Union alongside certain continuing aspects of the development policies of the last 10-15 years. Moreover, as elsewhere, the working classes of these countries are responding quite actively and often violently.

### **CAPITALISTS OF THE WORLD, UNITE**

The signs of the beginning of an underdevelopment counteroffensive against the gains made by the working classes in Eastern Europe and the Soviet Union during the early 1970's are numerous. I will discuss only three. The first piece of evidence is the Soviet 1976-1980 Five-Year Plan in which the Russians have set the lowest growth rates in the postwar period.<sup>84</sup> Is this simply realism, or is it the Russian equivalent of a

Western engineered recession? The growth rate of fertilizer production, irrigation, and farm implement production are all scheduled to be reduced-despite the recent catastrophic years in agricultural output. The major planned capital investments are for such industries as petrochemicals, not agriculture.

On the consumption side, the planned growth of food supplies is no higher than it was in the 1971-1975 period (3.2 percent), and with the reduced investment in agriculture, even that figure may be little more than an exercise in public relations. The rationale for the abandonment of the promises of the early 1970's to expand rapidly the production of consumer goods is a familiar one in the West-the goal of price stability, the stifling of "inflationary pressure." The achievement of this, however, clearly requires an attack on wages-yet this is not specified in the plan. Without that attack, continual wage increases in the presence of reduced production of consumer goods will put upward pressures on prices, and government attempts to raise prices have been defeated on numerous occasions in the Soviet bloc. The result then could be a "crunch" in the 1980's, especially if wage gains continue to outstrip productivity gains - a phenomenon which we have seen to be associated not simply with poor technology, but with working class resistance to work on the farms and in the factories of Eastern Europe and the Soviet Union. The resulting 'labor shortage' - exacerbated by continuing migration out of the countryside - has in part been dealt with in the Soviet Union with the importation of labor from Bulgaria, North Korea, and even Finland, thus indicating another parallel to the strategies employed in Western Europe and the U.S.

The second piece of evidence of a shift in policy in the East comes from an examination of Eastern European trade relations. First, with respect to the U.S.S.R., the rise in energy/oil prices, which has played so large a part in capital's strategy elsewhere, is rapidly being replicated in Eastern Europe.<sup>85</sup> Although the Russians had sold their oil within the Soviet bloc at prices well below the world levels, these prices were raised sharply in 1975, producing the same kind of redistribution of value from Eastern Europe to the U.S.S.R. as occurred from Western Europe to OPEC. Prices were apparently raised again in 1976 and are expected to go even higher in 1977. At the same time, a new, more frequent adjustment of intra-Soviet bloc prices has been introduced which will make their changes follow those of the world market more quickly and thus tend to speed the circulation of those crisis mechanisms from West to East. The results of these policies are beginning to have the same impact on Eastern Europe as the earlier OPEC price rises had on the West: a tendency toward economic crisis and underdevelopment.

One of the most seriously affected of the Eastern European countries is Czechoslovakia, where the increase in energy prices seems to underpin the beginnings of a rollback in the improvements in living standards granted in the aftermath of the 1968 upheaval. Some restrictions on electricity consumption have been imposed, and both Czech economists and government officials have warned of the possibility of expanded austerity measures.<sup>86</sup> As in the Soviet Union, one of the most prominent reasons for the difficulties in accumulation has been inadequate "labor discipline". A recent report on this problem explains:

Labor morale is a major source of concern. Hardly a day passes without a mention in the press or on the air of time lost through absenteeism, in indirect index of labor discipline. Human ingenuity seems unlimited in this context. Radio Prague complained of the dislocation of production caused by the hundreds of thousands who every year celebrate their birthdays, namedays, and other anniversaries during working hours. In addition to those directly concerned, their numerous guests are also absent from work.

According the Czech minister of labor, an estimated 100 million working hours are "lost" annually in this struggle against work — the equivalent of 55,000 workers taking a year-long vacation.<sup>87</sup> Like the Russians today and the Western Europeans in the 1960's, the Czech government is responding by importing cheap labor from Yugoslavia, Hungary, Bulgaria, Cyprus, and even Vietnam.<sup>88</sup>

The pressures on the governments of Eastern Europe and the Soviet Union are being further intensified by developments in their trade and financial relations with the West. To facilitate the introduction of the new technological, productivity-raising investments needed to deal with working class struggles, these governments have increasingly turned to imports from the West. And faced with the same problem as many Western countries of rising energy costs along with an inability to raise exports sufficiently, they have been forced to go heavily into debt to the Western private commercial banks and Euro-currency market — a debt which rose from \$8.5 billion in 1973 to \$25 billion in 1976. The situation is expected to worsen as both the need for imports and the difficulties in expanding exports continue. The result is that the creation in Eastern Europe of a debt problem which gives creditor institutions the same kind of power to demand internal austerity and repression of the working class as that already held by the U.S. Federal government and the major banks over New York City and by the International Monetary Fund over the oil-importing countries of Western Europe.<sup>89</sup>

A *third* and most dramatic piece of evidence of the circulation of the capitalist counterattack to the Eastern Bloc — as well as of its limitation — comes from Poland: the renewed attempt by authorities in that country in June 1976 to sharply raise food prices and thus cut working class real income. The defeat of the previous attempt in December 1970, it will be recalled, forced the Polish government (backed by the U.S.S.R.) to pay enormous and rising food subsidies to both consumers and producers. Between 1971 and 1975 the government eroded some of the real effects of these subsidies by inflation; real peasant income, for example, dropped 28 percent from 1973 to 1975. Nevertheless, continuing wage increases (real wages in the socialist sector as a whole rose 40 percent from 1971 to 1975) and dragging productivity in both industry and agriculture continued to raise the state's subsidy burden and eventually forced the government to get involved in its own grain deal with the U.S. in 1975.<sup>90</sup> Moreover, workers continued to stage protests against food shortages, most notably the actions by housewives in 1975 against the meat shortage. One of the main issues in this struggle is the fact that despite the supposed shortage of meat, Poland still exports this commodity—including some 27,000 tons of Polish hams and shoulders to the U.S. annually—to finance capital accumulation.

On June 24th, 1976 the government announced that the food problem would be dealt with by raising farm output prices to stimulate agricultural growth, which in turn would be paid for by even higher consumer price increases - a classic attempt to pit industrial worker against peasant. Moreover, the way in which some subsidies were to be granted to soften the increase in prices showed who the real enemy was: the subsidies, it was announced, would not be granted to workers "who drift from job to job" or to "loafers" and others guilty of a "lack of labor discipline."

The rapid working class response mirrored that of 1970. Infuriated workers walked off their jobs all over the country, and riots broke out at Radom, where the Community Party headquarters were burned down and food stores were looted. At Ursus, workers tore up railroad tracks and derailed a locomotive. Within 24 hours the government backed down and cancelled the price increases.

This second stunning victory in six years for Polish workers has forced the government into a profound crisis. So far, appeals to the rising costs of energy and other imports have cut no ice with the people of the country. How much leverage rising pressures from the West - especially warnings about erosions in Poland's credit standing-will give the government in the future is unclear. The limits on its room to maneuver at this time became clear when international protests forced officials to

reduce prison sentences imposed on "riot" leaders. Defeated so far in the urban areas, the government has turned to the countryside (where the procurement price increases were allowed to stand), pushing mechanization to raise productivity and to try to introduce an Eastern version of the Mansholt Plan to induce older farmers to sell their land to state enterprises.

While waiting for such measures to bear fruit, however, the Polish government is being forced to continue paying for increased imports of food to satisfy worker demands. In December 1976, after a Meeting of the Central Committee to discuss the impact of the June upheaval, Gierek made an announcement which suggested that the Polish government may join with the Soviets in promoting planned recession. He said that because of continuing food imports (which rose to an estimated \$1.5 billion for grain and meat in 1976-1977), investment plans are being cut back in the 1976-1980 five-year plan. Although food production will supposedly increase nonetheless, the government is even considering the introduction of rationing-and this has already been done in the case of sugar-as a substitute for price increases. But such a move, if generalized under worsening economic conditions, is likely to produce not less but increased worker protest. Further trials of strength between the Polish state and the Polish working class will undoubtedly occur.<sup>91</sup>

In the rest of Eastern Europe and the Soviet Union, the Polish events have had varying effects. In Hungary, where tensions have been considerably lower, the government was able to impose prices increases, but smaller ones. In Czechoslovakia, where the tensions are greater, the government quickly issued "reassuring statements about the stability of Czech prices." In the Soviet Union itself, the Polish situation was doubly worrisome to those in power-both because of the impact of the 1970 uprising on Soviet workers and the fact that there had reportedly already been at least one strike over the food issue recently (in Latvia). To head off further troubles, the Soviet government in early 1977 announced an increase in the production of consumer goods as well as an 18 percent wage hike over four years for certain sectors. At the same time, prices for basic foods continued to be held constant despite the fact that, according to the chairman of the State Price Committee, *in 1975 it cost the government the equivalent of about \$25 billion to subsidize milk and meat prices alone.*<sup>92</sup>

In conclusion, then, it seems evident that the period in which crisis in the West was compatible with continued development strategies in the East is over. From now on it is likely that the global circulation of both capitalist attack and working class resistance will

be accelerated, such that confrontations in any given area will have greater and quicker impact elsewhere in the world.

## VI.

### **CONCLUSIONS**

Although the foregoing sketch of the class politics of food is by no means complete, we can nevertheless draw some important lessons from the experiences examined. Perhaps the most basic conclusion which emerges is that the "food crisis" of the 1970's is not simply a problem or deficiency of capitalism .High prices and famines are neither the simple by-product of the profit-maximizing behavior of capitalist enterprise nor the inescapable results of the trade and direct investment imperialism of national capitals. The "food crisis", while involving all of these elements, is rather one dimension of a direct attack by capital on the working class internationally. Moreover, that attack is not simply the outgrowth of the continued aggressive development of international capitalism, but is rather a desperate response to a profound crisis. That crisis we have seen to be not simply an aggregate of local problems, but a global one imposed by a working class which has affirmed its own international character through the common nature and interrelatedness of its struggles everywhere. The demand for social wealth and the struggle against work - which *ZEROWORK* 1 identified as the bases of the working class strategy - we have seen to be the case with respect to food. In the 1950's, the agrarian part of the working class struggled against capital's attempts to restructure and exploit rural society for the sake of industrialization. In the 1960's, the class - in West and East, in countryside and city alike - rejected the productivity deal, resisting both capital's crude attempt to force it to work more for the same income and its more subtle attempts to tie income gains to productivity - while at the same time posing a challenge to the very future of capital itself.

While the power of different sectors of the working class to improve their food consumption has varied greatly, depending on their position in the wage/income hierarchy, the struggles of the traditionally weaker sectors - especially the unwaged - grew tremendously in the 1960's. In fact, their struggles can be seen to have been the most important factor in forcing a political recomposition of the class and throwing capital into severe crisis. In the West, it was the struggles of women, blacks, farm workers, et al. which were basic to the "crisis of democracy". In Asia and Africa, it was the struggles of peasants - especially in Indochina - which defeated the Green

Revolution. In Eastern Europe and the Soviet Union, it was again peasants who subverted work on *kolkhozy* and other farms and undermined the efforts of Communist planners to use them to meet the food demands of urban workers. All of these struggles sapped the sources of profit and accumulation by vastly reducing capital's space to maneuver both locally and globally.

The "food crisis" is thus one moment of a worldwide power struggle between the classes brought on by the growth, not the lessening, of working class strength and militancy. What this survey has shown is how it has been working class pressure which has forced capital to develop the new productivity-raising technologies (high-yielding varieties, mechanization, etc.) which have increased per capita output and made higher consumption levels possible. Although I have made no attempt here to trace the longer historical record, what we have seen should be enough to show why it was argued at the outset that the better-fed workers of today are better-fed because of their struggles.

And yet, though the power of the class has been enough to gain increases in food comsumption and "standard of living" while subverting capital's development, it has not been enough to prevent a massive counterattack. And it is in capital's successes during this response that we discover the areas of working class weakness. The greatest weakness, of course, is among those sectors (for example, areas like the Sahel and Bangladesh) in which peasants could not prevent being starved. But the defeats of the 1970's show more than that: they reveal how division has remained the fundamental tool of capital's power. For even among leading sectors of the class during the cycle of struggles of the 1960's - such as those in Italy, Britain, and New York City - capital has been able to impose austerity, albeit not as severely as in Africa and Asia. The divisions capital has played on, however, are new arrangements which have taken time to study and understand. The so-called fiscal crisis of New York and the sudden rise in food prices have not been seen immediately as tools of repressions, nor have the breakdown of the international monetary system initiated by the devaluation of the dollar and the sudden surge of balance of payments problems consequent to the rise of energy prices been seen clearly as aspects of capital's quest to regain control of the international system. Radical social critics, especially those of the Left, have only obscured the situation further by treating the crisis as one more painful outcome of the mysterious "laws of motion" of capitalism.

But the working class has learned the meaning of what is happening, even if most radicals and leftists have not, and people have begun to fight back. U.S. workers, caught unprepared by the first Russian grain deal, have posed serious obstacles to any

more such schemes while at the same time preventing wholesale cuts in the food stamp program. In the U.S. and Western Europe, the attacks on farm workers and peasants have been blunted by the defeat of the Teamsters and the resistance to the Mansholt Plan. The international flight of capital to places such as the Middle East has faced growing difficulties as worker struggles have emerged in the new areas of investment. In the socialist bloc, the violent reaction of Polish workers to austerity, the continuing uncooperative behavior of Soviet workers, and growing unrest among workers in China and Vietnam have deepened the crisis there, too.

The most successful of capital's strategies have been international ones in which attacks on workers in one country seem to originate from outside. This has most notably been the case with the "energy crisis" and the new international manipulation of exchange rates and credit. Yet even in these cases workers are beginning to understand the mechanisms and fight back. The Carter Administration in the U.S. is girding itself for intense opposition to its energy program from a population that no longer responds to propaganda about Arab sheiks and limits to growth. And in Poland, Egypt, and Italy, workers have responded violently to the conditions set by the International Monetary Fund for alleviation of the "money shortage".

Here is where we must turn our closest attention if we are to discover the best strategies for "solving the food crisis". We must study both the mechanisms of capital's attack and, above all, the struggles which are being waged against it. We must discover the weaknesses of those struggles and we must discover and build on their strengths. We must grasp the fact that the fight for food is part of a larger fight, and that a food movement can only be effective if it addresses itself to the task of accelerating the circulation of the various struggles. We must also learn from the current forms of struggle in order to avoid resorting to obsolete notions about the aims of the struggle. We must see that the object of working class insurgence today is not the state as Winter Palace, but the state as social factory. For the nature of the current international struggle raises serious questions about the "socialist alternative", whatever the variety. And before we proceed with a quest for a "true socialism" that will be unlike anything in the world today, we should be certain that we understand the new demands and needs of the working class. For it is only through examination of (not to mention participation in) concrete struggles that we can determine the appropriate organizational forms to achieve our aims.

May 1977

## NOTES

1. Two useful new books which synthesize much of what has been written from this perspective are: Frances Moore Lappe & Joseph Collins, *Food First*, Houghton Mifflin, 1977; and Susan George, *How the Other Half Dies*, Allanheld Osmun, 1977.
2. The most careful and useful work on food which has been done by the anti-imperialist school in the U.S. is that of the North American Congress on Latin America (NACLA). See especially "U.S. Grain Aresenal," *NACLA's Latin America and Empire Report*, October 1975, and "Del Monte: Bitter Fruits," *ibid.*, September 1976. The much less useful Soviet Marxist view can be seen in P. Markov, "The World Food Problem," *International Affairs* (Moscow), September 1975.
3. In Lappe & Collins, op. cit., for example, 45 out of 48 chapters are filled with depressing stories of capitalist initiative.
4. The analysis laid out in this article is treated in much more detail in a book on food and the class struggle that the author is preparing for Ramparts Press.
5. In their preoccupation with the form of the value relation between capital and labor (exchange value/wage), Marxologists and leftists tend to forget that the substance of value is work (abstract labor) and that the imposition of work is the fundamental goal of capital. For many this forgetfulness is undoubtedly a reflection of a political bias in favor of work-a characteristic which reduces all their debates with capital to ones of form alone.
6. Selma James, *Sex, Race and Class*, Falling Wall Press, 1975; and "Wageless of the World," in Wendy Edmonson and Suzie Fleming, eds., *All Work and No Pay*, Falling Wall Press, 1975.
7. The basic text on housework as work for capital is Mariarosa Dalla Costa & Selma James, *The Power of Women and the Subversion of the Community*, Falling Wall Press, 1972. For an application of the concept of circuits to the analysis of how the reproduction of labor-power is part of the reproduction of capital, see Harry Cleaver, "Malaria, the Politics of Public Health and the International Crisis," *Review of Radical Political Economics*, Spring 1977, appendix.
8. This piecework character of peasant production is also present in housework and schoolwork, where there are no fixed hours and "payment" is dependent on the quality of performance.
9. Karl Marx, *Capital*, Volume 111, Part VI.
10. See *Zerowork* 1.
11. For further discussion of how capital is moved internationally by working class struggle, see Harry Cleaver, "The Internationalization of Capital and the Mode of Production in Agriculture," *Economic and Political Weekly*, 27 March 1976.

12. For a recent analysis of the intentions and projects of postwar planning by the U.S. government and the Council on Foreign Relations, see Laurence Shoup & William Minter, *Imperial Brain Trust*, Monthly Review Press, 1977.

13.

14. On the "failure" of UNRRA, see John Perry, "Why UNRRA Failed," *Harper's*, January 1946; I.F. Stone, "UNRRA's Battle, *The Nation*, 30 March 1946; "UNRRA or Nothing," *New Republic*, 22 October 1945; "Lehman Resigns In Disgust," *New Republic*, 25 March 1946; Vic Schneierson, "UNRRA: A Cause Betrayed," *China Weekly Review*, 3 May 1947. On the Bengali famine, see B.M. Bhatia, *Famines in India*, Asia Publishing, 1967. ch.XI.

15. See "Cabinet Rejects World Food Plan," *New York Times*, 9 August 1946; "World Food Board Endorsed by FAO," *Ibid.*, 14 September 1946; "World Food Plan Called a U.S. Peril," *Ibid.*, 14 October 1946; and "U.S. Softens View on Relief Set-Up," *Ibid.*, 15 November 1946.

16. Not long before the Marshall Plan was announced, the U.S. created the Food Famine Committee and sent Herbert Hoover to Europe to study the situation. Hoover had been one of the pioneers for U.S. capital in the use of food aid to intervene in working class struggles overseas. See Walter Cohen, "Herbert Hoover: Some Food for Thought," *Pacific Research and World Empire Telegram*, November-December 1971.

17. See Mario Tronti, "Workers and Capital," *Telos* #14.

18. -M.R. Benedict, *Farm Policies of the United States, 1790-1950*, Octagon, 1967, p. 463.

19. Economic Report of the President 1977, p. 292; G. L. Johnson, ed., *The Overproduction Trap in U.S. Agriculture*, Johns Hopkins University Press, 1972, p. 169.

20. See "TVA's Educational Campaign on the Application of Fertilizer Called A Winner For Everyone," *Oil Paint and Drug Reporter*, 6 January 1958.

21. H.G. Halcrow, *Food Policy for America*, McGraw Hill, 1977, p. 4.

22. R. Acuna, *Occupied America*, Canfield, 1972, p. 172.

23. There is no good data on the number of illegals, but see Vernon Briggs, Jr., "Mexican workers in the United States Labor Market: A Contemporary Dilemma," *International Labor Review*, November 1975.

24. Acuna, op. cit., ch. 8.

25. For the history of how the development of postwar agrarian strategy for dealing with peasants grew out of previous experience in the U.S. South and China, see Harry Cleaver, "The Origins of the Green Revolution," unpublished Ph.D. thesis, Stanford University, 1975. In terms of economic models of development, the whole literature of the early 1950's on tapping agricultural labor with zero marginal productivity was geared to this. Perhaps the best known model of industrializing on surplus agricultural

labor and product is W.A. Lewis, "Development With Unlimited Supplies of Labor," *Manchester School*, XXII (1954).

26. See Cleaver, "Origins," op. cit., and the references therein.

27. John King, "Rice Politics," *Foreign Affairs*, April 1953.

28. There was no doubt at the time of the political potential of PL 480. In the now famous words of Hubert Humphrey, one of those most responsible for the law: "I have heard ...that people may become dependent on us for food. I know that was not supposed to be good news. To me that was good news, because before people can do anything they have got to eat. And if you are looking for a way to get people to lean on you and to be dependent on you, in terms of their cooperation with you, it seems to me that food dependence would be terrific..." Hearings: Policies and Operations Under PL 480, 85th Congress, First Session, Senate Committee on Agriculture and Forestry, 1957, p. 128. On PL 480 see also I. Yost, "The Food for Peace Arsenal," *NACLA Newsletter*, May-June 1971.

29. See P.R. Gregory & R.C. Stuart, *Soviet Economic Structure and Performance*, Harper & Row, 1974, ch. y.

30. For a brief history of Soviet/East European postwar relations, see H. Schwartz, *Eastern Europe in the Soviet Shadow*, John Day, 1973.

31. See Gregory & Stuart, op. cit.

32. See G. Saunders, ed., *Samizdat*, Pathfinder Press, 1974, pp. 23-24.

33. The following discussion of the Khrushchev years is based primarily on Gregory & Stuart, op. cit.; Alex Nove, "Soviet Agriculture Marks Time," *Foreign Affairs*, July 1962, and "Soviet Agriculture Under Brezhnev," *Slavic Review*, January 1970 (which covers the earlier period also).

34. On the food riots and protests, see M. Holubenko, "The Soviet Working Class: Discontent and Opposition," *Critique*, Spring 1975.

35. See Paolo Carpignano, "U.S. Class Composition in the 'Sixties," *Zerowork* 1.

36. The black movement and the welfare struggles as well as the Italian self-reduction actions are discussed in more detail in *Zerowork* 1.

37. See W.H. Friedland & A. Barton, "Tomato Technolgy," *Transaction*, September-October 1976; and W.D. Rasmussen, "Advances in American Agriculture: The Mechanical Tomato Harvester as a Case Study," *Technology and Culture*, October 1968.

38. See Richard Meister & Anne Loftis, *A Long Time Coming: The Struggle to Unionize America's Farm Workers*, Macmillan, 1977, ch. 9.

39. See NACLA, "Del Monte," op. cit., and "Harvest of Anger," *Ibid.*, July-August 1976

40. Halcrow, op. cit., p. 172; and Committee on Economic Development, *A New U.S. Farm Policy for Changing World Food Needs*, October 1974, pp. 34-35.
41. For an overview of these changes, see Steve Weissman, "The Many Successes of the Alliance For Progress," in *The Trojan Horse*, Ramparts Press, 1975.
42. See "Fertilizer Industry Proposes Kitty of \$2 Million to Finance World Plant Food Promotion," *Oil, Paint and Drug Reporter*, 8 August 1960; and William & Paul Paddock, *Famine 1975*, Little Brown, 1967, p. 80. The TVA also carried out extensive overseas promotion; see "TVA's International Fertilizer Programs," National Fertilizer Development Center, Muscle Shoals, Alabama, Circular z.7, April 1970.
43. See Harry Cleaver, "The Contradictions of the Green Revolution," *Monthly Review*, June 1972; and the account of a secret Asian Development Bank report in *Seven Days*, 25 April 1977.
44. See "Too Much Fertilizer," *Business Week*, 31 May 1969; and "Oil Companies Bail Out of Fertilizer Surplus," *Ibid.*, 13 December 1969.
45. See Gregory & Stuart, op. cit. and Nove, op. cit.
46. See "Whoever Steals, Lives Better," *New York Times*, 13 April 1976.
47. See D.E. Powell, "The Rural Exodus," *Problems of Communism*, November-December 1974; and "Officials Cite Need for Improved Working Conditions in Agriculture," *Radio Liberty Research*, RL 410176, 8 September 1976. Both of these articles indicate that the movement to the cities in recent years has been led by young women escaping farm jobs such as that of "milkmaid," which involves a working day of 13 to 16 hours in addition to housework.
48. See, for example, Helen Pick, "Czechoslovakia Faces A Long Haul to Prosperity," *Manchester Guardian Weekly*, 6 June 1976; "Yugoslavia, Output Off, Cracking Down On Loafers," *New York Times*, 11 September 1975; and P. Ben, "Poor Poland: Making Ends Meet," *New Republic*, 30 January 1971.
49. See Schwartz, op.cit.
50. See Adam Bromke, "Beyond the Gomulka Era," *Foreign Affairs*, April 1971; "The Polish Eruption: A Nation in Flames," *Time*, 28 December 1970; "Poland: Repairing a Shaken Regime," *Ibid.*, 25 January 1971; "Poland: Wooing the Workers," *Ibid.*, 1 March 1971; M. Lucbert, "Poland Under Gierek: New Aspirations and Reshuffled Priorities," *Manchester Guardian Weekly*, 12 July 1975; and A. Bromke & J.W. Strong, ads., *Gierek's Poland*, Praeger, 1973.
51. U.S. Department of Agriculture, *The World Food Situation and Prospects to 1985*, Foreign Agricultural Economic Report No. 98.
52. A sampling of the U.S. rhetoric can be found in the following: "U.S. Food Power: Ultimate Weapon in World Politics?-' *Business Week*, 15 December 1975; "Food: Potent U.S. Weapon," *U.S. News & World Report*, 16 February 1976; "CIA Report Says Worsening World Grain Shortages Could Give U.S. Great

Power," *New York Times*, 17 March 1975; NACLA, Spring 1974; and Leslie Gelb & Anthony Lake, "Less Food, More Politics," *Ibid.*, Winter 1974.

53. For an example of this approach, see Emma Rothschild, "Food Politics," *Foreign Affairs*, January 1976.

54. Much of the story of these shifts can be found in Lappe & Collins, op. cit. and NACLA, "U.S. Grain Arsenal," op. cit. At this point the problem is no longer one of discovering what happened, but of understanding it in class terms.

55. See the article by Christian Marazzi in this issue for a broader analysis of the new role of devaluation and other monetary manipulations in the crisis.

56. See "Ten Percent Is Impounded in Food Stamp Aid," *New York Times*, 12 January 1972; "2.1 Million to Get Full Restoration of Food Stamp Aid," *Ibid.*, 17 January 1972; "Food Stamp Fund Freed by Judge," *Ibid.*, 14 October 1974; etc.

57. See J. Collins, "CIA: Changing Weather Can Aid U.S. Foreign Policy," *The Elements*, Transnational Inst., 1975; "Worrisome CIA Report: Even U.S. Farms May Be Hit By Cooling Trend," *U.S. News & World Report*, 31 May 1976.

58. Again see Lappe & Collins, op. cit. and NACLA, "U.S. Grain Arsenal," op. cit. For more detail and background, see James Trager, *Amber Waves of Grain*, Arthur Fields, 1973.

59. One of the few commentaries to point to the struggles behind the grain deal, however inadequate the analysis, was A. Yanov, "Behind the Soviet Union's Grain Purchases," ("op-ed" article) *New York Times*, 31 December 1975.

60. "Soviet Decrees More Emphasis on Specialized Modern Farms," *New York Times*, 2 June 1976; and Central Intelligence Agency, *USSR Agricultural Atlas*, 1974, p. 26.

61. *Radio Free Europe Research*: Bulgaria/28/4, November 1976; Bulgaria/26/30, September 1976; Bulgaria/2/21, January 1977; Hungarian Situation Report/42/17, November 1976.

62. Economic Report of the President 1976, pp. 91-91.

63. *Ibid.*, p. 268.

64. *Ibid.*, p. 271.

65. *Ibid.*, p. 268.

66. This section draws on the following sources, among others: "Boom in Agrichemicals" *Business Week*, 8 June 1974; Erik Eckholm, *Fertilizer Scarcity and the Food Outlook*, Overseas Development Council Communiqué No.26, June 1975; H. Hughes & S. Pearson, "Principal Issues Facing the World Fertilizer Economy," Agricultural Development Council Seminar Report, March 1975; "Rising World Fertilizer

Scarcity Threatens Famine For Millions," *New York Times*, 1 September 1974; "New Delhi Is Blamed for Worsening Food Crisis," *Ibid.*, 13 September 1974.

67. Current discussions of the establishment of a world food reserve turn around the questions of the size and trigger prices for buying and selling, and of who should hold the reserve. The primary object of the reserves is undoubtedly that of stabilizing grain prices, probably at high levels. Butz's successor, Bob Bergland, gives every indication that he too will try to maintain high prices despite the reemergence of a significant surplus in the U.S. and abroad following two years of favorable weather. See "A New Wheat Glut," *Newsweek*, 14 March 1977.

68. Committee on Economic Development, op. cit.

69. "Le Plan Mansholt," *Documents Communaute Europeene*, supplement au No. 129, Avril 1969 de Communauté Européenne; "European Economic Community" (report on riots and the plan), *Agriculture Abroad*, Canada Department of Agriculture, June 1971; S.L. Mansholt, "Farmers Riots and Their Background," *Intereconomics*, No.6, 1971; G. Vedel, "Perspectives A Long Terme de L'Agriculture Francaise, 1968-1985," *La Documentation Francaise*.

70. See *Le Livre Des Paysans Pauvres*, Maspero, 1976.

71. See Meister & Loftis, op. cit. for the story of the conflict between the UFW and the Teamsters. See also B. Barber, "UFW and the Class Struggle," *Southwest Economy and Society*, Spring 1976.

72. The articles describing the "illegal alien problem" are innumerable. For typical examples, see: "Million Illegal Aliens in Metropolitan Area," *New York Times*, 29 December 1974; "A Plan to Slow the Flood of Illegal Aliens," *Business Week*, 11 August 1975; "With Jobs Scarce U.S. Steps Up Efforts to Seize Illegal Aliens," *Wall Street Journal*, 12 August 1975; "Administration Seeks to Widen Effort to Deport Illegal Aliens," *New York Times*, 5 May 1976; "Border Crisis: Illegal Aliens Out of Control?" *U.S. News & World Report*, 25 April 1977. For an example of a hard line close-the-border, jail-the-illegals position, see Vernon Briggs, "Illegal Aliens: The Need for a More Restrictive Border Policy," *Social Science Quarterly*, December 1975. For a taste of Secretary of Labor Ray Marshall's somewhat milder approach, see his "The International Migration of Workers in the United States and Europe," Center for the Study of Human Resources, University of Texas at Austin, June 1976.

73. These observations are made in the important article by T.H. Moran, 'Why Oil Prices Go Up: The Future: OPEC Wants Them To,' *Foreign Policy*, Winter 1976-1977. A companion piece by V.H. Oppenheim tells the inside story of U.S. complicity in the oil price increases and thus helps to confirm the analysis presented by Mario Montano in "Notes On the International Crisis," *Zerowork* 1.

74. On the Afghan famine, see the series of articles in the *New York Times*, 16 June, 21 June, 11 July, 14 November, and 19 November 1972.

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76. See mainly J.-L. Ormieres, "Les Consequences Politiques de La Famine," in *Copains*, op. cit.

77. The quotation was first reported by Oriana Fallaci in the *Chicago Tribune*, 24 June 1973, and it appears again in L. Wiseberg, "An International Perspective on the African Famines," in Glantz, op. cit. For more on the Ethiopian government's continued use of famine to control struggle even after the downfall of Selassie, see, for example, "Ethiopia's Legacy is Poverty and Instability," *New York Times*, 31 August 1975; and "Drought Deaths Debated," *Washington Post*, 24 September 1975.

78. See Rothschild, op. cit.

79. "Food For Work" (editorial), *Wall Street Journal*, 8 September 1976. For a description of some Food For Work programs, see U.S. Agency for International Development, *War On Hunger*, July 1975; and *AID's Front Lines*, 21 October 1976.

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81. On the Sudan, see "Sudan: Regional Development," Mideast Markets, Chase Manhattan, 24 May 1976; "Arab Oil Money Backs Sudan's Development As Prime Food Source," *Wall Street Journal*, 25 November 1975; and "Sudan: When God Laughed," *The Economist*, 12 July 1975.

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89. On the debt problem, see, for example: International Economic Report of the President 1977, pp. 65-66; "Banks Open New Windows to the East," *Business Week*, 19 July 1976; "Poland: Huge Debt Stalls Western Ventures," *Ibid.*, 17 January 1977; and "The New Sophistication in East-West Banking," *Ibid.*, 7 March 1977.

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# NATIONAL LIBERATION, SOCIALISM AND THE STRUGGLE AGAINST WORK: The Case of Vietnam

Philip Mattera

The struggle of the Vietnamese people against the U.S. and its surrogates in Indochina has been one of the most crucial political phenomena in recent history. The astounding victory over the sophisticated U.S. military machine has not only given encouragement to revolutionary movements throughout the so-called Third World, but has also acted as a catalyst for the wave of struggle by young workers in the schools and factories of North America and Western Europe over the past 15 years. All of us involved with *Zerowork*, undoubtably as well as most of you reading it, gained much of our political education in the antiwar movement.

It is now two years since the military aspect of the Vietnam struggle came to a successful conclusion with the liberation of Saigon. The country has been reunified, and the Socialist Republic of Vietnam has been declared. Throughout the world, Vietnam is being heralded as a decisive victory over imperialism. But now that the victory celebration is over and Vietnam is getting down to business, we must ask what sort of business it is getting down to. What does it mean to say that imperialism has been defeated in the country? And what is the nature of the system that is taking its place?

The usual response is that the defeat of imperialism means the triumph of national liberation and socialism. This is said to mean, first, an end to colonialism: the campaign for Vietnamese independence and true national sovereignty, which was fulfilled in 1954 north of the 17th Parallel, has now been achieved for the entire country. The second aspect is said to mean an end to neo-colonialism: economic dependence on Western capital has been fully smashed and the country is now free to develop. It is on these bases that the watchwords of the Vietnamese revolution are said to be Patriotism and Production.

It is undoubtably true that the Vietnamese people were struggling for an end to foreign domination, but what is not so clear is that they were struggling to make possible the kind of development now being imposed by the regime. In fact, there have already been

indications of a growing crisis in Vietnam, resulting from opposition between working class demands for significant improvements in and greater power over the conditions of life, and the efforts by the Party and the state to promote rapid accumulation of capital. It is beginning to appear that the struggle of the Vietnamese working class is going beyond the struggle for "Third World socialism"--coercive, labor-intensive production as the price for eliminating poverty--and is emerging as a struggle against the accumulation of capital itself (even in its socialist form): in other words, a struggle against work. The aim of this article is to trace the evolution of this struggle from its beginnings in the resistance to the development imposed by the French to the conflicts within the revolutionary regimes themselves, first in the north and now in the entire country. The significance of this history is greater for the situation in Vietnam is indicative of a new form of international working class struggle that is posing a severe crisis for capitalism and socialism alike.

### *THE FIGHT AGAINST "CIVILIZATION"*

The modern era of working class struggle in Vietnam began with resistance to the "civilizing mission" of the French. The Vietnamese peasants had, even before the European colonial period, a long history of opposition to both the indigenous aristocracy and that of China, which ruled Vietnam (with some interruptions) from 111 B.C. to 1427 A.D. The continuation of this tradition into the period of Western penetration was clearly one of the main causes of the long delay in the consolidation of French control--as is suggested in this comment by a French observer in 1864: "The resistance center is everywhere, subdivided *ad infinitum* nearly as many times as there were living Annamites. It would be more exact to regard each peasant fastening a sheaf of rice as a center of resistance."<sup>1</sup> After the French finally gained complete "authority" with the 1883 Treaty of Protectorate, peasant resistance intensified in opposition to the colonial administration's establishment of government monopolies on alcohol, salt, and opium. It was through these monopolies and the harsh penalties for violators that the French obtained the capacity for direct manipulation of the standard of living of the Vietnamese and appropriated the funds (supplemented by those from the notorious *impot personnel*, or head tax) to finance grandiose "public works" projects. Opposition to this brutal fiscal policy culminated in the massive uprisings of March and April of 1908, in the course of which large demonstrations were held and tax collectors were attacked and executed.

The resistance forced the French to make some concessions, such as reforms in the health and justice systems, but the administration pushed forward with its other assault on the peasants: the concentration of land ownership. The French strategy consisted of two movements: the expansion of arable land and the transfer of ownership of this, as well as much of the previously cultivated acreage, to French and a few wealthy Vietnamese landlords. It has been estimated that land appropriation and concessions by the administration amounted to some 900,000 hectares--more than 40 percent of the

cultivated surface--with the result that in Tonkin (northern Vietnam), for example, about .1 percent of the total landholders ended up owning 17 percent of the cultivated land.<sup>2</sup> The result for "the economy" was that rice became a major export commodity, with the total sold abroad rising from only 57,000 tons in 1860 to 1,548,000 tons in 1937.<sup>3</sup> The result for the peasants was a rapid decline in their level of consumption, as the French used heavy taxation (in kind) and low prices paid to small producers to maximize the total rice available for export. Joseph Buttlinger shows that per capita rice consumption fell from 262 kilograms in 1900, to 226 kilograms in 1913, and down to 182 kilograms in 1937. (About 220 to 270 kilograms a year is considered the minimum necessary to sustain an adult.) And he goes on to declare: "Under this system, the alternative for the small peasant was not either pay [high taxes and high interest rates] or starve: There was no real alternative. In order for the landlords to remain rich and for the French to profit from the export of rice, the majority of the impoverished rural population had to pay and starve."<sup>4</sup>

This process of primitive accumulation created a huge labor force of peasants forced off their land. Some went from being small landholders to being tenant farmers, sharecroppers, or agricultural laborers; but the miserable conditions of these groups, too, led many to seek to live on the margins of society. This created a serious vagrancy problem for the French, who responded in a number of ways, including the shipping of 100,000 Vietnamese to France during World War I to serve as manual laborers in the armed forces and defense industries. Yet, even actions such as this did not deter the resistance of the *tadien*--the landless rural proletariat--who rose up repeatedly against the colonial administration.

It was thus only through sheer force that the French were able to direct much of this surplus labor into what became, aside from rice growing, the major industries of Vietnam: the coal mines and the rubber plantations. The French introduced rubber into Vietnam from Malaya in 1897, and at about the same time they began to exploit the rich coal deposits at Hong Hai, near Haiphong in the north. Because of the large number of peasants who made themselves unavailable for work on the plantations and in the mines, the French were forced to use more than the promise of a wage to obtain their workforce. Buttlinger writes: "Labor for plantations and mines was hard to get because peasants would rather be unemployed and hungry in their native villages than be turned into slaves on rubber plantations...-Consequently, forced labor, or corvée, as the French called it, although legally abolished by the colonial regime, flourished under the French as never before."<sup>5</sup> Mandarins in the service of the French were empowered to enlist forcibly large numbers of men from each village; but as the resistance to work was maintained, the mine and plantation owners tried using the Cambodians, the Laotians, and the various ethnic minorities in Vietnam, such as the Muongs and the Mois--yet, soon, these groups too gained reputations for being "unreliable" and "very reluctant to work."<sup>6</sup>

The next step was the use of native labor agents (*cai*) and the contract labor system. The agents used all forms of deception and co-

ercion to get peasants to sign three-year contracts, during which time the peasant became enslaved to both the plantation or mine owner and the agent himself. After collecting his commission from the owner, the agent forced the "coolie" to borrow money from him at exorbitant interest rates and purchase food and medical supplies from him at astronomical prices. The working conditions themselves were savage: the working day was at least 10-12 hours; health care was at first nonexistent and later completely inadequate; the mortality rate was extremely high; and wages were minimal, the French owners claiming that efforts to raise the daily pay of 2.5 francs would "spoil the coolies by killing their incentive to work." The owners also paid workers as infrequently as possible, and in 1927 they pressured the colonial administration to permit them to withhold up to five percent of wages, supposedly to "protect the workers against their own improvident habits and their tendency to squander their earnings on games of chance."<sup>7</sup>

Resistance to all this took many forms. Some workers, desperate to escape from the hellish conditions of the plantations and mines, resorted to self-mutilation to make themselves unfit to work. A much larger phenomenon was desertion: the rate at which workers "breached their contracts" rose steadily in the early 1900's, reaching

## **Robberies of the wealthy and seizure of their property by bands of peasants became an everyday occurrence.**

a high of about 50 percent in the 1920's with the burgeoning of a black market in forged identity cards and workbooks. Some workers abandoned the job as soon as they saw the miserable conditions, while others simply didn't return from their short Lunar New Year vacation at home. An indication of the extent of absenteeism and desertion is seen in the fact that in order for plantation owners in the south to maintain a workforce of 22,000 they had to recruit more than 75,000 "coolies" between 1925 and 1930.<sup>8</sup> Similarly, in the principal mines of Tonkin in 1936, of 24,000 workers employed, 18,000 had been working less than five months.<sup>9</sup> This large-scale refusal of work also served to increase the power of those who remained in the plantations and mines. In order to prevent everyone from abandoning, the French were compelled to improve conditions and pay, with the result that the index of wages rose 25 percent between 1925 and 1930.<sup>10</sup>

### **THE "RED TERROR"**

The struggles of Vietnamese workers in the rice fields, the plantations, the mines, and the factories came together in the "red terror" of the 1920's and 1930's. The main thrust of this was in the countryside, where agricultural workers began to undertake more and more daring actions against the landlords. Robberies of the wealthy and seizure of their property by bands of peasants became an everyday occurrence, so much so that the French administration was

forced to step up substantially its means of social control to cope with this banditry. In Cochinchina (southern Vietnam), for example, the colonial police budget jumped from 7.7 million francs in 1919 to 20.7 million in 1929.<sup>11</sup> In fact, the peasants were threatening the very foundation of social relations in the countryside by attacking and seizing the rice crop and the storehouses. A contemporary report indicated that "Tenants and laborers often confiscated the major part of the crop before the harvest or attacked the granaries of local landowners. Attempts to stop them met stiff resistance--so much so that many landowners left home each night for nearby towns where they could sleep under the protection of the colonial militia."<sup>12</sup>

In 1930, the struggle began to take on mass dimensions as revolts occurred in Cochinchina and Annam (central Vietnam). The revolts were all eventually suppressed, but they severely undermined the bases of French rule. The most powerful of the rebellions took place in Nghe-An and Ha-Tinh provinces in the narrow lowlands of central Vietnam, where the French administration was replaced by soviets for as long as nine months.

The first phase of these uprisings centered on resistance to the colonial fiscal policy, especially the head tax and other levies and the monopolies on alcohol, salt, and opium. Large demonstrations were held in the cities--bringing together rural and urban workers--during which government offices were destroyed, tax officials were attacked, cadastral records were burned, and government storehouses were sacked. Then, once these struggles gained a certain momentum, the focus of the revolt became explicitly one of appropriation, meaning not only the refusal to pay taxes, rents, and debts, but also the large-scale seizure of food and other goods from the state and the wealthy; in other words, seizure not of the means of production, but of the means of existence.

All of this indicated the extent to which a bona fide working class had emerged in Vietnam and was making generalized wage demands in both the cities and the countryside. The peasants--whether they were agricultural laborers, tenant farmers, sharecroppers, or small landholders--no longer had a peripheral relation to capital. The French administration's use of taxation, corvée, manipulated prices, etc. established a clear class relation between the peasants and the state. Moreover, the use of land expropriation and the propulsion of the rural population into the labor market destroyed the "feudal" nature of that relation and turned it into one between capital and labor. The French used landlessness, along with the impoverishment of those who managed to hold onto a few hectares, to manipulate rural labor-power and have it serve as a reserve army to help control the wages of those already forced into the plantations, mines, and factories. It is in this sense that even those without a wage were put into a wage relation to and a wage struggle with capital.

This struggle took several forms. First, there was the struggle of the wageless for the wage itself--not for the joy of being truly productive, but for the additional power the wage provided vis-a-vis capital. It was not so much a struggle to enter the factories as it was a struggle to escape the uncertain and miserable conditions of the "Surplus population." At the same time, the struggle took the form

of a demand for land--not for the sake of returning to an idyllic feudalism, but for achieving some degree of autonomy from the capitalist labor market. Ownership of some land made it more feasible for people to make themselves unavailable for work in the plantations, mines, and factories--all the more so since the land demand went along with the continuing struggle against taxation, corvee, etc. The most advanced struggle was the one we mentioned in connection with the uprisings of the 1930's--a form of struggle

**[The struggles] all aimed at the same goal: to undermine the accumulation of capital being imposed by the French and replace it with the accumulation of the power of the working class.**

requiring a great deal of class power--namely, the mass appropriation of social wealth. The demands of rural workers for land or for the wage, the demands of plantation, mine, and factory workers for higher wages and shorter hours, and the demands of all workers for more wealth and less work all aimed at the same goal: *to undermine the accumulation of capital being imposed by the French and replace it with the accumulation of the power of the working class.*

#### SOCIALISM AND SOCIALIST EXPLOITATION

It was during the 1930's that the Communists began to appear on the political scene in Vietnam. They started out as a group of individuals sympathetic to the Soviet Union, announcing themselves with a 1929 manifesto that declared: "We want to hand over the factories to the workers, rice fields to the peasants, the sources of revenue to the people, and power to the assemblies of representatives of all the working classes of the nation." But the pressure of the Comintern line was soon felt, and at a congress only one year later--when the Indochina Communist Party was founded--they declared that Vietnam was not ripe for such a revolution and must first undergo a "bourgeois, democratic" one. The vagaries of political ideology aside, the Communists in the 1930's did support the struggles of the working class, and this enabled Ho Chi Minh and the Vietminh (which the Communists dominated) to assume leadership of the resistance movement during the Japanese occupation. The chaos during this period increased the appeal of Communist leadership, especially in the north. For the Japanese continued the French policy of seeking the maximum exploitation of Vietnamese labor, particularly in agriculture. Much of the rice land was converted to jute and other war-related crops, while occupation troops scoured the countryside at harvest time to collect as much rice as they could get away with. This policy, combined with the serious typhoons and resulting food shortages, led to widespread famine in Vietnam in

1943-1945. The most serious situation came about near the end of the war: "Starvation began in October 1944 and before the spring harvest in 1945 as many as two million Vietnamese had perished."<sup>13</sup>

Following the defeat of Japan, the Vietminh proclaimed the Democratic Republic of Vietnam (DRV) in September 1945 and undertook a number of progressive measures to abolish some of the forms of French oppression: the hated monopolies on alcohol, salt, and opium were done away with; the head tax was ended and other levies were greatly reduced; utilities were nationalized; the eight-hour day was established; and wage levels were increased. And once Vietminh rule in the north was solidified by the military victory over the French and the Geneva Accords, the DRV embarked on a comprehensive land reform program. Yet it soon became clear that this policy was not designed to meet the land demands of the working class, but to pave the way for "socialist development," meaning Soviet-style rapid industrialization by exploiting agricultural workers to the maximum. Le Duan, now First Secretary of the Vietnam Workers Party (*Lao Dong*) and chief theoretician of the north, has described the intentions of the Communists in this way: "Under the conditions of our country, our Party considers socialist industrialization, with heavy industry playing the decisive role, to be the central task all through the period of the transition to socialism...The struggle between the capitalist and socialist paths in the North of our country is primarily a struggle to raise small production to the level of large-scale production."<sup>14</sup>

The first step by the DRV while still fighting the French was the tax reform of 1952, which simplified the system of levies, but imposed an agricultural tax of five to 45 percent, with a surcharge of 15 percent for village expenditures. This placed a heavy burden on landholders--especially the richer peasants, but also those with modest acreage. One observer claims that the government ended up taking an average of more than 40 percent of a family's income in the form of paddy (unthreshed rice).<sup>15</sup> The DRV followed this with the Land Rent Reduction Campaign of 1953-1954 and the Land Reform Campaign of 1954-1956. These campaigns were aimed at suppressing the wealthiest of the landlords and were promoted by the Party with the slogan: "Depend completely upon the poor and landless peasants, unite with the middle-level peasants, seek an understanding with the rich peasants, and liquidate the landlords." The Party and the state put enormous pressure on the people to carry out these programs, with the result that an orgy of recriminations swept upon the country. Some observers, particularly rightwing ones, claim that 50,000 people were executed in the campaigns and 100,000 were arrested and sent to forced labor camps.<sup>16</sup> Many of these same writers also claim that the total redistribution of land, animals, and farm implements had a minor impact on the living conditions of the majority of peasants.

It is difficult in subjects such as this to separate out fact from the morass of ideology and propaganda, but what seems clear is that the main importance of the land reform process was not the exact number of hectares redistributed or even the number of people executed or jailed, but the role of this process in the development of the class

relations between the rural proletariat and the state. To begin, there is no doubt that land reform as it was carried out served to exacerbate the divisions within the Vietnamese population. The positive side of this was the movement to eliminate the remaining wealthy landlords, who were maintaining the same oppressive conditions in the countryside as existed under the French. At the same time, the campaign brought out the divisions within the working class itself. The fiercest antagonisms were often between the landless peasants and those with small holdings, while the entire rural workforce became further divided from the growing industrial workforce in the cities, which found itself in a better position to demand wage increases from the state.

When these divisions did not disappear as the land reform process continued, widespread struggle came to be directed against the Party and the state, since it was becoming more and more apparent that the campaign was merely a prelude for collectivization. Such a transformation of rural production was opposed as strongly as was the land expropriation under the French, for collectivization meant being recomposed into large units that eliminated the forms of class organization and power bases built during decades of struggle against the colonialists. The strategy of the DRV was to "kill the spirit of ownership" by "kill(ing) a few landlords in every village and frighten(ing) *the whole population*."<sup>17</sup> The rural working class may have been frightened at first, but it soon turned rebellious. This was anticipated by the DRV, and in 1956 the Party put an end to the period in which "the masses had been given a free hand" in the land reform program. A Rectification of Errors Campaign was instituted, with government spokesman Vo Nguyen Giap admitting publicly that abuses had taken place: peasants with modest holdings had been attacked, too many people had been executed, torture had been used extensively, etc.

The announcement of the campaign was, however, unable to halt the momentum of working class resistance to the reorganization

**The only way the government could prevent further mass uprisings was to billet soldiers permanently in workers' homes and to exercise strict control over travelling blacksmiths.**

being attempted by the Party and the state. As the rectification process was getting under way, a large revolt erupted in Nghe An province (which, embarrassingly enough for the government, was the birthplace of Ho--but it was also the site of the major 1930's uprising against the French). The rebellion involved 20,000 people, but it was quickly and brutally suppressed by the army, with an estimated 6,000 people killed or arrested. Yet, people who had fought for decades against the French and Japanese could not be defeated so easily.

Resistance continued, and the only way the government could prevent further mass uprisings was to billet soldiers permanently in workers' homes in the province and to exercise strict control over travelling blacksmiths to prevent them from aiding in the illicit production of weapons. The Party and the state admitted a certain measure of defeat on April 19, 1957, when the DRV press agency announced tersely that "for a definite time period, the Party shall, above all, increase its strength in the cities and industrial centers."<sup>18</sup>

Finally, when the DRV proceeded with its collectivization program in 1958, it was forced to scale down drastically its plans for full-fledged communes and accept instead many "semi-socialist" co-ops. Even by 1960, when 76 percent of the land and 85 percent of the farm units in the north were collectivized in some form, only 40,000 hectares were held by communes, while 700,000 hectares belonged to the co-ops.<sup>19</sup> The resistance to the communes was not a matter of reactionary individualism standing in the way of progressive communalism. Rural workers knew that the introduction of communes would mean greater control over their working conditions by the Party and the state, as well as limitations on their standard of living for the sake of accumulation. Increases in agricultural productivity were the concern only of government planners seeking to promote industry; the concern of rural workers was to make themselves less vulnerable to socialist exploitation.

#### *DEVELOPMENT AND STRUGGLE IN THE SOUTH*

During this time, workers in the south of Vietnam were struggling against another form of development--that being imposed by the U.S. also at the point of a gun. In the course of the Diem regime in the 1950's--before the outbreak of full-scale war--the attempt to control the rural working class was carried out through a series of land reform schemes which were certainly different from those in the north, but whose ultimate aims were essentially the same: maintaining "order" in the countryside and obtaining maximum agricultural productivity in order to promote industry. A situation in which more than 50 percent of the land was owned by 2.5 percent of the landowners, along with high rents, high irrigation fees, uncertainty of tenure, and exorbitant interest rates, fueled persistent insurgency in the south following the supposedly temporary partition of the country in 1954. The first step taken to control this insurgency through land reform was the 1955 Ordinance Two, which established a rent ceiling of 25 percent of income and protected tenancy rights by guaranteeing three to five-year contracts. This was followed by Ordinance 57 in 1956, which limited basic landholdings to 100 hectares per family and proposed to sell the extra land "appropriated" (actually, purchased with cash and government bonds) from the large owners to the smaller ones. However, these first programs were almost completely unsuccessful, since they failed to gain the support of either the rich landlords or the poor peasants. The wealthy found ways to avoid being stripped of their land, so that of the 1.8 million hectares that should have been available for "redis-

tribution," only 248,000 hectares had changed hands by 1965.<sup>20</sup> The rural workers, meanwhile, turned to the insurgent forces (which in 1960 became the National Liberation Front for South Vietnam) and fought for free land, rent reductions, and higher wages for landless peasants.

Consequently, the next phases of land reform were more explicitly aimed at rural pacification. The Agroville Program initiated in 1959 sought to concentrate peasants in communities of several thousand, where they would be required to do large amounts of "community development volunteer labor" so that it would be more difficult for them to join the insurgent movement. That program was followed by the Strategic Hamlet scheme of 1962, the New Life Hamlet Program of 1964, and the Revolutionary Development Program of 1966—all of which involved increasingly repressive measures to control the rural population and reinforce the discipline of work. The culmination came in the decision by U.S. planners that if the peasants could not be controlled in the countryside, they should be forced into government-controlled cities by bombing them off the land. The hope was that this policy of forced urbanization (which was certainly the most sophisticated strategy of primitive accumulation ever) would create conditions such that, as Samuel Huntington put it, "History may pass the Vietcong by."<sup>21</sup>

We know what happened to this hope, but if history has passed the U.S. by in Vietnam, what is it that has been defeated? To speak of a victory over imperialist aggression is not enough; it is necessary to explain what were the intentions of that aggression. This is surely a complicated question, but in the end it comes down to a matter of making Vietnam safe for the accumulation of capital, that is, making development possible.

Such a perspective appeared most clearly in the plans drawn up by U.S. officials for what would be done in Vietnam after the war was won. The most prominent of these was that drafted by the Joint Development Group, which was established in Saigon in 1967 and was composed of David Lilienthal's Development and Resources Corporation and a group of prominent South Vietnamese professionals. Lilienthal expressed the orientation of the JDG when he wrote in 1969: "We perceive a clear though little recognized relationship between political accommodation and stability on the one hand, and economic stability on the other."<sup>22</sup> (That relationship was indeed recognized at least by Secretary of Defense Robert McNamara, who declared in a 1966 speech on Vietnam: "Security means development...without development there can be no security."<sup>23</sup>)

The report of the JDG started out with what now appears as extraordinary optimism, concerning both the outcome of the war and the condition of the south in the postwar period. The infrastructure was expected to be in excellent condition and there would be a large pool of skilled labor--though there was concern about a massive post-war unemployment problem requiring the creation of 900,000 jobs in the first two years. The aim of putting the entire population to work under controllable conditions (which, after all, is what development is all about) was quite clear in the recommendation of labor-intensive public works projects--much like those carried out by the French: "It

is vastly preferable to employ people on productive works, *of however low a priority*, than to provide relief." 24

At the heart of the plan was the rapid development of industry, which was supposed to take place with a healthy level of foreign investment. This was seen as necessary, according to Lilienthal, to integrate Vietnam into the world economy and avoid "xenophobia." The main foreign power that was to be welcomed was Japan. Lilienthal ended his *Foreign Affairs* article on the JDG report with stress on the importance of Tokyo's role in the postwar period--a comment that was obviously appreciated in Japan itself, where a prominent economist wrote at the same time: "The greatest attraction in investing in Vietnam is without a doubt a sufficient supply of cheap labor...Particular consideration should be given (in the postwar period) to ensuring an adequate supply of high-quality



and inexpensive labor which does not quit easily." 25 Even before the actual end of the war, Japan established a foothold in the country, so that in 1973 large amounts of foreign aid were offered to the Thieu regime and plans were drawn up for a \$50 million agricultural project at Phan Rang, while *Business Week* reported: "Japanese companies have been among the first to tap cheap South Vietnamese labor, paying wages one-half the prevailing level in Singapore." 26 Yet, the Japanese were not short-sighted; they saw the inevitable future

course of Vietnam, and thus made overtures to Hanoi as well.

### THE POSTWAR SITUATION

The activities of Japanese business in Vietnam have epitomized the remarkable degree of continuity that has appeared in the economic policy of the new regime established following the liberation of the south in the spring of 1975. The momentous achievement of full national liberation and the introduction of socialism in the south have, surprisingly enough, been followed by a sharp escalation of involvement with the capitalist countries--especially Japan, but also the U.S. itself. Only weeks after the liberation of Saigon, it was reported that "the South Vietnamese seem eager to resume trade (particularly exports) with former trading partners of the Thieu regime. Le Dung Dan, who has stayed on as director of Saigon's Export Development Centre, called a meeting of South Vietnamese and foreign traders late last month (May 1975) to discuss pending exports from South Vietnam, for which foreign banks have already opened letters of credit."<sup>27</sup> The same article reported that "in general, Japanese business leaders are encouraged by recent developments in South Vietnam." This was not surprising, since it was soon revealed that "a dozen or so Japanese projects, which could be worth several hundred million dollars, already are in the works as the cash-short Vietnamese proffer raw materials, particularly iron and coal, for industrial equipment."<sup>28</sup> At the same time, a group of Swedish companies began negotiations to build a \$200 million pulp and paper mill north of Hanoi and the new Vietnamese government started discussions with French firms concerning the purchase of large quantities of agricultural equipment and industrial machinery. And more recently, the government awarded a \$66 million contract to Danish and Japanese firms for the design and construction of a cement plant in the north.

Even more astounding was that steps toward U.S. investment and trade were initiated by the new regime only weeks after the last Marine helicopter took off from the besieged American embassy in Saigon. Louis Saboule, vice president and Asia representative of the Bank of America, was invited to Hanoi for discussions in early July, making him the first Saboule returned from his talks bursting with enthusiasm over Vietnam's new potential in the international capitalist system; he told a corporate gathering: "Vietnam could be so successful in this economic reconstruction that the impact that her neighbours, and you as businessmen, should be considering is not only military or political but economic. I think that, before too long, Vietnam could emerge as a serious competitor in the Asian export market."<sup>29</sup> This sentiment was echoed by Huynh Van Tam, leader of the liberation trade union movement in the south, who, boasting of all the industrial facilities left behind by the U.S., told Wilfred Burchett: "Once we get all the factories working full time Ho Chi Minh City (Saigon) will be a very big industrial center, the biggest in Southeast Asia."<sup>30</sup> To achieve this economic miracle, the new regime has joined the World Bank, the International Monetary Fund, and the Asian Development Bank, and has expressed willingness to accept

the "help" of U.S. corporations. Tiziano Terzani, an Italian journalist who remained in Saigon for several months after the liberation, has reported: "One Vietnamese official surprised me by saying: 'On a base of mutual interest we are prepared to accept American private investments in the country.' Though Hanoi's authorities are reluctant to say so openly, the fact remains that what Vietnam has to offer Western capitalism is a hard-working force of cheap labor."<sup>31</sup>

Terzani's remark could have been taken as an exaggeration in the first 12 months after the liberation, since Vietnamese officials insisted that these deals with capitalist countries and corporations were only aimed at obtaining necessary goods and raw materials. Yet the comment took on a greater poignancy in the fall of 1976, when a new policy began to emerge in Hanoi and Saigon. In September the

**'Though Hanoi's authorities are reluctant to say so openly, the fact remains that what Vietnam has to offer Western capitalism is a hard-working force of cheap labor.'**

government started work on a set of guidelines for foreign investment that included the repatriation of profits, at which time the *Far Eastern Economic Review* reported that "a highly-placed Vietnamese official said, 'they (the foreign investors) can bring technology and raw materials, we can give labour.'<sup>32</sup> Subsequent reports on the investment code indicated that the government will in some cases permit up to 100 percent foreign ownership, as well offering incentives such as the elimination of taxes and duties and a 10 to 15-year non-nationalization guarantee. At the same time, although the government has announced nothing about wage levels in these investment operations, "the cost of the plentiful labour in Vietnam is expected by businessmen to be competitive with Southeast Asian countries".<sup>33</sup> The general situation was summed up in the headline of an earlier article in *Forbes* magazine: "YANKEE, COME BACK! The Vietnamese Want U.S. Businessmen and U.S. Capital."<sup>34</sup>

The question remains, however, whether the Party and the state will be able to mobilize labor in the way and to the extent necessary for their ambitious socialist development plans. A working class that spent 30 years engaged in guerrilla warfare, achieving an almost unbelievable victory over the greatest military force in the modern world, is not easily manipulated. A class that has been armed and that has organized itself so effectively for war will not return to work under the old conditions. This was seen immediately after the liberation, when the new government in the south guaranteed the property rights of the plantation and factory owners, and the workers responded by occupying facilities and making "unreasonable demands." Terzani reported that "at the end of June (1975) the planters in the Highlands began to leave their large rubber, coffee,

and tea plantations and moved to Saigon. The Front political cadres had told them to stay on the plantations and continue to cultivate them; but the workers accused them of being exploiters, demanded new indemnities, no longer obeyed orders, wanted to participate in the management, and refused to call them *patron*.<sup>35</sup>

The greatest difficulty the regime is facing is that of moving labor from the cities to the countryside, for there has been considerable resistance in both places. Many people in Saigon are seeking to maintain a "marginal" existence--living by means of occasional jobs and hustles--rather than accept exhausting work in a factory or rice field. Although the government has not yet used outright coercion to transfer the one million people they hope to place in the "New Economic Zones" of the countryside, there have been reports that rice rations in parts of Saigon have been reduced 40 percent--presumably to add some extra "encouragement" to relocate.<sup>36</sup> Nevertheless, the power of the working class in Vietnam makes unlikely the



sort of massive forced deurbanization and rural mobilization of labor that was carried out in Cambodia. Even without such an attempt by the government, unrest among agricultural workers has been growing, with peasants reportedly showing "reluctance to work hard at double cropping when they are asked to sell rice to the Government at a low price."<sup>37</sup>

In general, the crisis for the Party and the state is that the accumulated power of the class is standing in the way of the maximum labor productivity that is essential for rapid industrialization and development. This has been an especially acute problem in the north, where workers are no longer willing to accept austerity. Such discontent was apparently growing long before the end of the war. Nguyen Van Phung, a member of the Haiphong city committee, revealed in a 1971 article that during the mid-1960's in the factories of the city there was a situation of: "free work stoppages, of coming to work late and going home early, of disorderly and negligent performances, of profitlessly prolonged meetings, of rules and regulations of production not being respected, and of internal discipline rules

being violated...In addition, a number of social evils developed, such as dishonest trading, smuggling, the stealing of state property, lives of immoral obsessions, the loss of hygiene, odd and ridiculous hair styles and styles of dress, marauding and pestering, the singing of yellow songs, and the reading of indecent books...The foundations of labor and of work and of life before the war came close to being turned upside down."<sup>38</sup> Containing this sort of social rebellion became much more difficult for the government once the fighting in the south ended: a diplomat in Hanoi told Terzani in 1975 that "people here are now asking for more comfort, more goods. They see no reason why they should continue to make sacrifices."<sup>39</sup> This perception was echoed by the *Far Eastern Economic Review*, which reported in 1976 that productivity in the north has been chronically low and that "the labor force (is) fed up with an austerity that seems no nearer relaxation although the war against Washington and Saigon (is) over."<sup>40</sup> A more explicit indication of unrest in the north has been given by Canadian journalist Colin Hoath, who visited there in August 1976. He found that "some of the wealthiest men in Vietnam today are coal miners digging open-cast coal for export to Japan. But those who have money find few things available to buy." Hoath went on to report that officials confirmed that a group of miners "attempted to slow productivity" in 1975 and forced the government to make more merchandise available.<sup>41</sup> Finally, perhaps the most significant general comment on the tension in the north came in a report by Vice Premier Le Thanh Nghi: "Although production has gradually become stable, we have not yet been able to create an atmosphere of truly great enthusiasm for labour as required by the Party and the State."<sup>42</sup>

In an attempt to rekindle this enthusiasm, the government has made a few efforts at promoting moral incentives. In a speech in the fall of 1975, North Vietnamese Premier Pham Van Dong declared: "We call on the working class and other working people in the towns and countryside to bring into play their role as masters under the new regime by working harder than before, with higher productivity, technique, and discipline."<sup>43</sup> The problem is that the working class appears to see its new role as one of working *less* than before, with less discipline. As a result, the regime seems to be assessing carefully its degree of control in manipulating labor-power, in order to plan stronger measures. It appears that an experiment in this area has involved sending thousands of workers to work in Czechoslovakian factories, presumably to give the government some clues as to how easy it will be to move labor about and how Vietnamese workers will react to sophisticated production technologies.<sup>44</sup>

At the same time, there have been signs that the government suspects it may not be able to control the working class at all as it desires, and is thus considering the possibility of a much more capital-intensive development strategy. An indication of this is the great stress being placed on the development of petroleum resources. Various international oil companies, which had been granted leases by the Thieu regime to search offshore in the South China Sea, found some oil (in the White Tiger strike of 1974) after \$100 million had been spent in exploration; but the firms fled during the last phase of

the military offensive in the south. Yet, soon after the liberation, there were reports that the new government was in contact with Mobil and Shell in order to draw up new agreements. Subsequent reports have indicated that Vietnamese officials have been planning the establishment of a state oil company and have been negotiating with petroleum executives from Japan, France, Italy, Iran, Venezuela, Mexico, Algeria, and the U.S.<sup>45</sup> The new regime is apparently going to great lengths to protect itself from further excessive demands of the working class, especially the powerful coal miners.

### THE CRISIS OF SOCIALISM

This is the situation at present in Vietnam: the Party and the state promoting work and development, and the workers expressing an unwillingness to accept toil and austerity any longer. The crisis of socialism in Vietnam, as well as in the rest of the so-called Third World, arises from this contradiction between the power of the working class to force wage increases and a large reduction in the intensity of exploitation, and the productivity requirements of the socialist development process. The new regime in Vietnam faces the dilemma that the many years of armed struggle against France, Japan, and the U.S. not only organized the class in a way that might permit vast increases in production, but one that has also allowed workers to build an enormous amount of *autonomous power*. It is this power that is threatening to upset the delicate balance on which "Third World socialism" is based.

Although it is too early to determine the outcome of this impasse, there are indications that the power of the working class is forcing the government in Vietnam to alter its strategy. The new Five-Year Plan (1976-1980) presented to the Vietnam Workers Party congress in December 1976 embodied a marked shift from the development

**The Party and the state are promoting work and development, while the workers are expressing an unwillingness to accept toil and austerity any longer.**

policy that had been promoted by officials in the north for many years. The plan toned down the emphasis on heavy industry (which previously was gospel) and called for greater concentration on agriculture and light industry, in other words, the production of more food and consumer goods. Le Duan went so far as to promise that every Vietnamese household would be provided with such "luxuries" as electric appliances.<sup>46</sup> This shift seemed to be motivated not so much by a new theory of development or even populist sentiments as by the need to respond to growing popular pressure for improvements in the standard of living. The *Far Eastern Economic Review*

noted that on the part of the government "there is an apparent realisation that the war-weary population of the north, which has undergone privation for over two decades, cannot immediately be asked to make more sacrifices for socialist accumulation of capital. And the southern population, used to foreign-funded consumerism, similarly cannot easily be returned to subsistence level without serious problems."<sup>47</sup> To some extent, the retreat from rapid industrialization may be the result of insufficient foreign aid, especially from the "fraternal socialist countries" (though Vietnam has already received \$35 million from the I.M.F.); but undoubtably the main problem for Le Duan and company is that the workers of Vietnam have a very different notion of what socialism should be all about.

In all post-revolutionary situations in recent history, the socialist regimes have been forced to make significant improvements in wage levels, working conditions, social services, etc. in order to secure the cooperation of the working class in development. This has amounted to a productivity deal analogous to the Keynesian arrangements in the "advanced" capitalist countries in the postwar period. But just as Keynesianism has been torn apart by the cycle of working class struggle over the past 20 years (see *ZEROWORK 1*), so is a new form of struggle undermining the socialist alternative. Socialism is thus experiencing the same fate as the trade unions in the "developed" world of the West. Both are initially expressions of the power and the victories of the working class, yet both become bypassed because of their integration into the global capitalist system and because of new forms of working class struggle. This integration has reached a point such that the notions of opposing blocs or "worlds" (First, Second, Third) no longer give adequate expression to the international dynamics of class struggle. In addition, this means that the propulsion of a socialist country like Vietnam into the global system--as is seen so vividly in the postwar policies of the new regime--undermines all the arguments for the necessity of austerity and the acceptance of socialist development. The problem for the working class of Vietnam has gone beyond that of building socialism and is now one of engaging in the international struggle over work and income. This change in the direction of struggle, resulting from the new form of class power, strips socialism of its revolutionary content and makes it just one more form of the imposition of work to be fought against.

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*Cambodia's emblem: Emphasis on work.*

# MONEY IN THE WORLD CRISIS:

## The New Basis of Capitalist Power

Christian Marazzi

*This article is the preliminary result of discussion and collaboration among a group of comrades linked to ZEROWORK in London. John Merrington and Mike Sonenscher have made major contributions to the final result. Since this article was written in October 1976, many of the points have been developed further with a view to advancing the debate and publishing a collective book, forthcoming, with the title, Money and Proletarians.*

One of the major difficulties in analyzing the current capitalist crisis and reorganization, whether on the national level or globally, lies in seeing how changes in the international monetary system fit in with changes at the level of the international division of labor and production. To approach this question we must grasp both the nature of the money-form as a *social relationship of power* within capitalism and the historical specificity of the particular organizational forms of that power.

Understood in terms of class power, the money-form cannot be grasped simply in terms of "economic theory"—whether "Marxist" or not. Rather, we must see how money fits into the antagonistic class relations of capital in order to reappropriate the terrain of revolutionary class struggle. If the crisis of today is an historical crisis of Keynesian development—the crisis of a system of *planned development* based on a certain dynamic equilibrium and internal stratification of class forces (see ZEROWORK 1)—then the breakdown of the international monetary system established at Bretton Woods in 1944 is part and parcel of it. This crisis of the money-form is not just the point of arrival of capitalist development; it is both produced by a cycle of class struggle and is the point of departure for a new phase of class confrontation.

It was no accident that the crisis reached the point of no return in the years 1970-1971, for that was the moment of maximum tension between all the components of the system; massively generalized

wage explosions, price increases following in the wake of the inconvertibility decision, and heavy increases in public and corporate debt to the banking system. The dynamic of this process disclosed the possibility of a classic crisis of overproduction. What was no longer classic, however, were the political relations between the classes, relations which made a repetition of the 1929 crash a *political impossibility*. Not only was it essential to avoid the devaluation of capital that always followed crises of overproduction, but also to avoid a direct political confrontation with the working class, which had established the "downward rigidity of wages" and undermined the Keynesian use of money.

Marx's understanding of money within capital provides the point of departure for our analysis. He above all understood that "What appears as a monetary crisis is in fact expressive of anomalies in the process of production and reproduction itself." We begin with the reconsideration of Marx's analysis of the money-form in the *Grundrisse* and *Capital*, for despite the fact that gold has long ceased to be the "world money-commodity" par excellence, his notion of money as the ultimate expression of value, and of value as the product of capital's ability to impose work (abstract labor) through the commodity-form (exchange value), remains key to grasping capital's attempt to use money against the working class in new ways. The postwar system has shown the possibility of imposing a national currency (the U.S. dollar) as international money, yet the collapse of that system has indicated the limits and weaknesses to which it was prone. The problem, then, is not to try and squeeze contemporary reality into an ossified application of Marx's analysis, but to use that analysis as an entry into an appreciation of the history of money in the last half-century—above all, the challenge launched by the U.S. in 1971 with the inconvertibility move, the point of departure of capital's counterattack in the present crisis. On the basis of our current research, we think we can provide some elements for a debate on this question. We argue that from the beginning of the counterattack, international capital has used money as one of its primary weapons against the working class; indeed, we would argue that money has become the ultimate and most sophisticated instrument for world capitalist restructuring today. On the basis of the analysis which follows, we pose the question of the political elements necessary to bring the debate to the level of working class strategy and organization.

#### THE CRISIS OF MONEY-FORM IN MARX

In Marx's writings, analysis of what he called "modern crises" is fragmentary. Indeed, analysis of crisis on a world scale, where, as he wrote, production is posed as a totality and where all the contradictions explode, is a chapter Marx never wrote. But from the fragments of such a project which do exist in his works we can follow the direction of his method. It appears that according to Marx what lies at the core of the modern crisis is the contradiction between production and "loanable capital"—between the factory and the credit system. Marx saw credit as a powerful motor of capitalist

development because it places accumulated surplus value—the savings of inactive capitalists—at the disposal of active but "impecunious" ones. But, if credit makes possible the full utilization of the capacities of society, why does it become the "main lever of overproduction?"

The answer to this problem cannot be presented in static terms, for credit is the means of overcoming the barriers which productive capital encounters from time to time in the course of its activities. Credit is thus the *mode by which capitalists cooperate to overcome the obstacles which lie in their path*, meaning that *it is what helps the capitalist deal with the problems posed for him by worker struggles*. Through credit—that "powerful instrument of development"—capitalists work together to reassert their command, and as such credit is the preeminent means for the *socialization of capital*.

Yet credit does not in itself succeed in overcoming the real contradiction which lies at the root of capitalist development. The fact

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of being able continuously to overcome through expansion the obstacles posed by workers does not guarantee continued control over labor. The socialization of capitalist development, the "flight" of the entrepreneur from worker resistance through reorganization, the introduction of new machinery, and the extension of capital to all aspects of the society means that the lever of credit always lies at the origin of new levels of class confrontation. It is at this point that we must refer to the theory of money in Marx. Credit, he wrote, is not yet money, because money must be the "incarnation" and representation of value. Money, if it is to be the universal equivalent of all commodities, must be produced like all other commodities, but at the same time not be a use value. It must, in other words, go out of circulation. Money therefore cannot be understood separately from the commodity and from value. Gold, as money, has to be set apart, to become "autonomous" from all other commodities. Hence, all other forms of money in circulation—bank notes, national currency, etc.—cannot be perfect representations of "hard money." "Behind the invisible value of commodities," Marx wrote, "'hard money' lies

in wait." If credit circulates more rapidly than "real money," it pushes the cycle of production beyond the limit of its valorization and realization: a point arises at which credit enters into conflict with the factory, because *the realization of value has entered into conflict with production.*

The interruption between production and "real realization" must be analyzed at its point of departure, or else it remains only a *possible* rupture in the circuit rather than an immanent tendency. Commodities, if they are to be sold in circulation, must be "socially validated," or else there is the possibility of crisis: speculative turmoil, the devaluation of capital, etc. But we cannot reduce this crisis of the transformation of values into prices to a simple problem of "transitory disequilibrium," a problem of realization. We must instead concentrate on the underlying transformations of the organic relationship between capital and labor that occur during the phase of expansion. In this sense crises of overproduction are "violent manifestations" of the law of value and can never be confronted solely at the level of the market, where the commodity completes its trajectory at the point of sale.

Gold, as "money of all monies," symbolizes for Marx the fact that capital cannot escape from the contradiction of the law of value, and thus that every crisis is also a desperate attempt to "reimpose" the law, which in the expansionary phase capital tries to "escape." The way the law is reasserted, the way capital tries to embark on a new cycle of development is through an attack on the obstacles posed by worker resistance and insubordination of all forms. With the development of capital this process is expanded to a global scale, and gold thus becomes the general means of exchange between currencies internationally, the means of payment for regulating international balances: the ultimate determination of the money-form. Only on the level of the world market—where money is divested of all local and particular determinations—can the complete "civilizing activity" of money be understood; and it is therefore at this level that modern crisis between production as a whole and credit must be analyzed. For gold, as money, guarantees the generalization of the law of value over all national currencies. It guarantees that all nations are subjected to the same discipline of capitalist laws in the world market. And it guarantees historically the extension of the world market according to the dictates of capital.

We need to carry the analysis further in order to bring it "up to date." First, the increase of *means of payments*—whether nationally or on the international level—has always extended beyond the reserves on which it is supposedly based. During the reign of the gold standard, this disproportionate increase of paper money produced cyclical crises, each of which was marked by the violent reappearance of the law of value. But each of these phases of development-crisis was complemented by the progressive enlargement of accumulation on a world scale and the progressive reduction of socially necessary labor time. Credit has acted as a genuine instrument of capitalist socialization. In so far as each phase of development-crisis has been accompanied by a drastic rise in the organic composition of capital, each successive phase of the history of capital has involved ever

greater amounts of means of payments in meeting working class demands. In other words, the dynamic development of capital has become ever more detached from the embodiment of the law of value, from its incarnation in gold. Gold has long ceased to function as the sole universal money, as the general means of payment between nations. The important thing here is that *it could not have been otherwise*. Not only has the real, effective appearance of sterling and then the dollar displaced gold as the "money of all monies," but

## This transformation of the international monetary system has been the result of the "long march of necessary labor against surplus value."

international power has increasingly determined the "value" of all currencies in the last instance. What is even more decisive here is that this transformation of the international monetary system has been the result of the "long march of necessary labor against surplus value." It has been the progressive reduction of socially necessary labor time that has precluded gold from functioning as the sole measure of value, precisely because socially necessary labor time has less and less been the basis upon which real wealth rests. (For more on this see the final section of Mario Montano's article in *zerowork 1*.)

This does not mean that the gold standard has never functioned, but rather that each moment of its imposition has led to its transcendence by the real dynamics of international class relations. In the phase before World War I, Britain extended its empire beyond the gold standard by investing sterling in its colonies (thus creating an external demand for its commodities), meeting the deficit it had with Europe and the U.S. by attracting gold through the simple manipulation of the bank rate. The gold standard was in reality always a sterling standard. After 1918 the U.S. imposed the gold standard on Europe, while divorcing its entire domestic monetary policy from any metallic base. The flow of gold into the U.S. in the 1920's never increased the money supply on a proportional basis, thus allowing prices to remain low and the volume of trade and direct investments abroad to increase.

Throughout these phases the gold standard was, in other words, a means of imposing a specific imperialist policy, a policy sustained by the key role of first sterling and then the dollar as means of payment, as *national currencies given a fundamental role in the development of the productive forces on a world scale*. It would be wrong to conclude that imperialist development and the extension of the basis for accumulation in this latest period has been something "fictitious" or based upon pure "paper money," just as it would be wrong to conclude that international cyclical crises occurred because of the non-functioning of the "law of value" embodied in gold. In fact, the increase in the "monetary consumption" of gold has

remained more or less steady from the time when sterling and the dollar began to function as international currencies. Currencies, in other words, have never been completely convertible in any real sense. For if such had been the case, gold reserves would have to have increased in volume to an extent quite disproportionate to annual gold production. In short, gold has always been more or less nominal.

We can now draw some conclusions. First, the international monetary system has more and more grown dependent on the national currencies that have acted as means of payment for world accumulation. Second, both domestic and international credit have been increasingly transformed into credit *ex nihilo*, into artificially

The requirement for "artificial money" to act as a productive force beyond the value embodied in gold reserves is that it must become money as capital, that is, it must become credit which **commands** alien labor: money must become command.

created money which is no longer based on accumulated surplus value, but on *no existing value*. The requirement for "artificial money" to act as a productive force beyond the value embodied in gold reserves is that it must become money as capital, that is, it must become credit which *commands* alien labor: money must become command. But precisely because this form of money as capital makes for both an extension and intensification of the basis of accumulation, gold comes to function increasingly marginally as the measure of value, which in turn comes to depend less and less on socially necessary labor time and increasingly on *imperial command*. In other words, if money becomes increasingly less convertible in terms of gold, it has to become ever more convertible in terms of command of capital over labor-power. The problem for capital is that while international credit—the World Bank, the International Monetary Fund, etc.—has increasingly functioned as the lever of capitalist socialization on a world scale, the command function upon which money now rests is not solid—precisely because of the new era of international working class struggle. What is at the root of the current international monetary crisis is that not only can the international currency—the dollar—no longer be converted to gold, but *money as capital itself can no longer be converted into effective command over labor*.

## *INCONVERTIBLE MONEY*

The establishment of an *inconvertible monetary system* by Nixon in August of 1971 has presented challenges to analyses of the monetary crisis. We have said that the crisis, as a crisis of the money-form of capital, exploded because international capitalist organization was no longer able to contain the dynamics of the class struggle. Thus, the *inconvertibility* of the dollar cannot, as is often done, be examined simply in terms of the U.S. refusal to meet its commitments to the other capitalist nations, a refusal to cover with gold all the dollars accumulated in the central banks of Europe and Japan. An examination must begin with a look at the nature of the monetary system of international power constructed after World War II.

The system established at Bretton Woods in 1944 represented a U.S. victory in which gold was to play a key political role in determining the composition of the International Monetary Fund. The U.S., which during the 1930's had accumulated two-thirds of the world gold supply, imposed the condition that the I.M.F. would be empowered to allocate to nations in difficulty liquidity (credit) on the basis of given amounts of gold and national currencies already committed to the fund by the member countries. In other words, the amount of credit the I.M.F. would make available would depend on the initial contribution of each member country, an arrangement that would later allow the U.S. to expand significantly its foreign debt, since the quantity of dollars in international circulation came to exceed, by 1957-1958, the quantity established in the statutes of the I.M.F. The other members were required to maintain a fixed rate of exchange of their currencies against the dollar, so that the central banks of these countries were put in a position of supporting the value of the dollar. This situation produced an automatic inflationary tendency, given the fact that the acquisition of dollars implied an expansion of domestic money supply. It was clear by the mid-1950's that there was a contradiction between the static principle of the international capitalist order originally conceived in the U.S. "currency principle" and the dynamic development of the new capitalist order that had followed World War II. The birth at this time of the Euromarket—a U.S. banking system outside of the U.S. to allow the multinationals to ignore the gold-dollar exchange standard—indicated that the U.S. victory at Bretton Woods had been a Pyrrhic one.

The declaration of dollar *inconvertibility* in 1971 must be situated in this context. Given that worker struggles could no longer be managed by monetary means as a spur to further investment and productivity, the strategy of "planned development"—the Keynesian system—had to be abandoned. The international wave of struggles beginning in the mid-1960's meant the breakdown of the whole system of international stratification of command over living labor, upon which the gold-dollar exchange standard was based. Dollar *inconvertibility* was imposed on the U.S. because its control over the international system had reached an impasse. The decision

was a means of escape from the law of value, from the immediate impact of worker struggles, and from the risk of a dangerous repetition of the classic type of 1929 crisis, which would have generated an explosive class confrontation. But at the same time, this means of escape enlarged the terrain of counterattack, liberated the range of strategic options for capital. The U.S. redefined its leading role by imposing on the rest of the world a new kind of forced *self-discipline* in which the ultimate sanction is money as world command, that is, determined and regulated *politically* and hence freed from any commodity limits. In other words, inconvertibility can only be understood in political terms; it set the strategic framework for reorganization of capital by means of the crisis—a *planned crisis against the global working class through the manipulation of money*.

Given the historical development of capital at the time he was writing, Marx did not explore the notion of an inconvertible paper money very far. He saw that theoretically the "value" of such money was determined by the value of the commodities circulated and the labor commanded, but he had few occasions in the periods he examined to study such a situation concretely. Subsequently, the only serious Marxist effort to do so systematically was that of Rudolf Hilferding in his 1910 work *Finanz Kapital*, which dealt with the capitalism of the Austro-Hungarian Empire, which was run on the basis of inconvertible money. Like Marx, Hilferding saw that there



was no such thing as any real value of money as such; there was only a quantitatively determined rate of exchange of money, and that rate was manipulated by "finance capital." Hilferding had the merit of seeing that one aspect of the problem for the recomposition of capital at that time, and the reason for the way in which money was being manipulated, was the relation between the banking system and the capitalization of the rentier class, the mobilization of all "unproductive income" through credit as capital. This new relation between the banks and the state—the centralization of credit—he saw to be the lever whereby such nonproductive income could be mobilized for a

relaunching of productive industrial capital. The relevance of this for the present period should be clear: today, once again, capital is manipulating money to transfer value from an "unproductive" role to a "productive" use in capital investment. But today the unproductive income is not financing a rentier class, but rather the working class, which converts wages to income through its refusal to function as labor power.

But if a rereading of Hilferding reveals this sort of useful similarity, it can also be misleading, because of Hilferding's limitations. For he unfortunately hypostatized the regime of inconvertible money and failed to see the "finance capitalism" he confronted as an historical phase of capital centered on the emergence of the big banks and joint stock enterprises. The subsequent passage of dominance from the big banks to industrial capital marked the transitory nature of what he studied.

Moreover, even in the period of its usefulness for understanding the mobilization of income for capital, other limitations of Hilferding's analysis led to disastrous political practice. Seeing the big banks as the enemy, his strategy was the social democratic nationalization of the banks, pension funds, insurance funds, etc. "Socialism" in this perspective becomes the socialization of credit for the development of the productive forces such as capital was "unable" to achieve. This kind of conclusion was unavoidable, since the problem of money was seen only in terms of dysfunctions *within* capital and between capital and nonproductive sectors such as the rentier class. What Hilferding and his successors failed to see, and what we must grasp today, is the process of socialization which was at the root of the finance capital phase. The reorganization he observed, which involved both individual capitals and the banking system, marked a step necessary for the widening of the basis for the extraction of relative surplus value from the working class and the generalization of abstract labor. The working class in Hilferding's approach is seen as external, as an exogenous factor in this reorganization, for he could not see the *historically defined composition of the working class* upon which and against which capital was forced to reorganize itself and which had historically contradicted both the previous industrial and monetary systems. What Hilferding and official Marxism of all varieties failed to see was that the gold standard depended on an international class composition that had been superseded. When we examine capital's recourse to inconvertible money in the present crisis, we must see how it is a means of transforming working class conquests into a further socialization and concentration of control.

Yet we must also see that under today's conditions, the capacity for such a transformation is severely limited. The current transition by means of inconvertible money and floating exchange rates is precarious. It appears that money can no longer serve as the lever for further socialization on the basis of the given composition and demands of the working class, and must thus become an instrument for the violent rupture of that composition—a weapon for the dictatorship of capital in its quest to undermine the advanced form of

working class power. At this level of confrontation, where money becomes pure unmediated assertion of state power against the working class, the "transition" is not only more precarious but threatens to become *permanent*: in this lies the uniqueness of the class confrontation today. There is the danger of a direct un-mediated

**At this level of confrontation, where money becomes pure unmediated assertion of state power against the working class, the "transition" is not only more precarious but threatens to become permanent: in this lies the uniqueness of the class confrontation today.**

class battle with the state, in which money loses its mystical appearance—its so-called independence—and in which the "revolution from above" opens up a new level of struggle "from below." The risk is that short term transitional measures are already taking on the characteristics of a *highly volatile permanent emergency* for the capitalist system as a whole.

#### **THE STATE, MONEY, AND RECESSION**

The problem now is to explain why this crisis—a "transitional solution"—might actually become a state of "permanent transition." We must see first what are the constraints which continue to limit the action of the capitalist state in this period of inconvertible money. If the state was able to escape the straitjacket of value embodied in the international monetary system until 1971, why has capitalist reorganization not yet succeeded in becoming a new process of development?

The state's capacity to act upon the money supply through central banks and hence to promote the reorganization of manufacture and circulation has, in every capitalist country, been unable to establish the basis for recovery. Both in terms of financing the industrial sector through banking and other financial institutions, and the public sector through the sale of Treasury Bills and other government bonds, it has not been possible to establish global conditions of productivity capable of relaunching the system. This is because the state, from the beginning of the crisis, has found itself confronted with a widening of the terrain of working class struggle, including a convergence of factory struggles and social struggles as a whole. (For more on the beginning of this process in the U.S., see Paolo Carpignano's article in *Zerowork 1*.) The struggle for wages

separated from productivity in the factory became a generalized struggle over the *social wage*, involving both waged and unwaged sectors of the class. This made it no longer possible for the state to manipulate the distribution of consumption, using the spur of consumption to control production. From being "distributor in the last instance," the state became "*lender in the last instance*." The state was forced to run a debt economy not only for industry, but for the public sector, the cities, etc. Given the pressure on the social wage as a whole, the state, acting in the open market through the issuing of money, continued throughout the crisis to pour more and more money into circulation through the purchase of Treasury bonds, commercial guarantees to cover loans to industry, etc. In other words, the increase in money supplies was increasingly "covered" by the promise of future guarantees of repayment—a practice which continued even when the assets of the banking system no longer corresponded to any real capacity on the part of industry to repay the loans. This is what is at the bottom of the "financial crisis" of the public sector and the so-called fiscal crisis of the state. The point is that we cannot see this crisis merely in terms of inadequacies of the banking system in relation to industry and the public sector. Given the degree of intervention by the central authorities to support the assets of the major banks in cases where institutional investors have been reluctant to provide direct credit, the state is increasingly *the source of support for the assets of the whole banking structure*, thanks to which the banks are (or were) able to continue to finance the debts of industry and the public sector.

It is, of course, true that this state policy represented nothing new in terms of traditional Keynesian policies throughout the postwar period. But there is a crucial difference—the question of the *time lag* in which social capital has to transform the money issued by the state through "deficit spending" into capital. The Keynesian model placed the state above the economy as the distributor of income to the whole of society. But the state can only manage global demand if the money created *ex nihilo* by the central authority succeeds in becoming *effective demand*, only, in other words, if the additional demand created by the state succeeds in stimulating a level of overall production above the existing level. Only on this condition can money become an active motor of development. The politics of "deficit spending" depends on control over the time period in which money becomes money as capital in order to ensure overall balanced "growth." As Marx put it: "Time is everything, man is nothing."

It is precisely this time period that has become unmanageable in the present crisis. In the Keynesian system this time period is *subjectively* determined; it depends on the subjective choice and cooperation of social agents—capitalists and workers—having a common interest as partners in growth. Such cooperation was not automatic, and had to be constantly readjusted at new points of equilibrium. Now, not only is this process not automatic, it is not functioning altogether, both at the level of production and at the level of social reproduction. In production, the leap forward in the organic

composition of capital in order to restabilize command over living labor and increase productivity has come up against the real impossibility of using inflation to finance future investments. The cash flow generated during the time of production and circulation of goods has not succeeded in financing on its own the new investments needed, forcing industry increasingly into debt. The resistance of workers to productivity increases and their continuous pressure to push up wages has made it impossible to reduce wage costs relative to new investment projects. As a result, industrial capital has been forced to move further and further along the path of restructuration of more and more investment to reach necessary levels of productivity: this spiral of investment has become an ever increasing spiral of debt. Second, despite the massive attack on employment, the parallel resistance of the unemployed and wageless has forced the state to continue issuing money to back up the banking system and to finance the growing debt of the cities. It has become impossible for capital to use unemployment to any great extent to depress general wage level.

Given these parallel pressures in the factory and in the social factory, the time of transformation of money into capital has become the time of the *working class transformation of money into income*. As the time of capital's transforming of money into capital becomes longer and more uncertain, the working class is more and more able to impose its own needs and shorten the time in which money is taken out of circulation. When money is blocked from becoming capital, it can only remain at the level of simple circulation; instead of becoming capital, it becomes "funny money." It is in this sense that inflation is no longer "controllable," a solution for capital which is no longer a solution, for it has become "runaway inflation" imposed by working class struggle for income.

Seen in this context, the various attempts to restabilize the international system since dollar inconvertibility have failed in their purpose, in so far as they have not provided the conditions for a new basis of international command. To take only the most striking case of this failure: the attempt through the oil crisis after the Yom Kippur war in 1973 to force a new hegemony of U.S. multinationals by draining dollars from Europe and forcing a drastic deflationary movement on the European states did not produce this result. In fact, the oil crisis was not followed by the necessary deflationary discipline by the diminution of reserves in the oil importing countries; it did not slow down the leap-frogging devaluation of currencies and hence the rate of inflation. Nor did it sufficiently increase the surplus of petrodollars in the oil exporting countries to an extent which could make them into a source for the ever increasing demand for investment capital by the multinationals. The condition for this deflationary coup to become effective and to provide for the spiraling needs of investment would have been to provoke a head-on class confrontation, which was not a practical possibility. It has been the new socialized terrain of the struggle that has been the limit of any deflationary counter-attack by capital. The oil coup only served to delay the major offensive against the omnipresent working class demands for income.

The same can be said for the introduction of the floating

exchange rates, which were resorted to precisely to prevent the "permissive" expansion of credit through the purchase of dollars within the framework of the old system of fixed rates. This move was not sufficient for limiting money supplies, given that the regulated movement of exchange rates according to the balance of payments—even within the European "snake"—was counteracted by the continuous increase in money supply by the central banks and flows of speculative capital escaping from the uncertainty of working class struggle, struggle that has forced capital to redefine its strategy, as seen first with Chile, then with New York City, and now throughout the world.

### TWO, THREE, MANY NEW YORKS

These elements of the crisis can be concretized if we take the case of the *situation* in New York in 1975-1976, which exemplified the present new line of attack by the capitalist state. The problem of New York was not merely a question of the geographical reorganization of the industrial sector of the U.S.—the abandonment by industry of urban centers in favor of new poles in other parts of the country. The real problem has been the failure to control the demand for income and services: this is what explains why the federal government turned off the tap of subsidies to the big banks, while blaming the crisis of New York on lack of "investor confidence." This use of the argument of "confidence" as a means of political blackmail had, of course first appeared in the monetarist policies imposed in South America, especially Chile. The same discipline was then to be imposed in New York as the testing ground in the battle to cut the

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### THE TRUTH ABOUT CAPITALISM

Some people think there are many economic systems, namely: Socialism, Communism, Fascism or Capitalism.

This, however, is not true. Socialism, Communism and Fascism are not economic systems. They are political systems.

There is only ONE economic system and that is Capitalism. Russia, China, America and all others operate under the capitalistic system, no matter what they call it.

The difference is that in some countries the capital is owned by

the government, and in others by private individuals or groups of private individuals.

Now, when governments own, interfere with or overregulate private ownership of capital, they invariably destroy the initiative of the people and eventually get into trouble.

The only Capitalism that has produced prosperity in the long run is the one that promotes freedom for its citizens.

It is hoped that the world will someday wake up to this important truth.

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social wage in the "metropolis" itself. The important point here is that this strategy was directly imposed by the state in its decision to cut off the flow of liquidity to the banks. To point to speculators and the big banks—finance capital—as the culprit (the mystification which social democracy from Hilferding onwards has always used to cover up the relation between money and the state) is no longer possible. The confrontation was strictly one between the state and the incomes of the working class (especially the unwaged).

The tactics, which are now becoming familiar on a world scale, consisted of increasing the rate of interest on city notes and bonds, creating in this way a climate of loss of confidence and thus provoking a fall in the value of the issues. Basically, the state, as lender in the last instance, refused to lend. But this managed crisis had an extremely significant outcome: it forced the city unions to use their accumulated pension funds to buy the notes and bonds the banking system could no longer cover. The result was a structural change in the financial system in which a new type of attack on the struggle for income by the working class is discernible. On the one hand, the state assumes direct responsibility for paying forms of social wages in order to try to control and regulate the urban unwaged; on the other, it gradually forces the workers in the public sector to cover the borrowing requirements of social expenditures through the investment of their pension funds. This amounts to a transformation of the social wage into a system of reinsurance, forced savings imposed on the working class itself. Thus the political goal of capital becomes clear: the state attempts to divide by this means the various sectors of the class fighting for more income, for more cash. Moreover, this move is covered by the ideology of "co-responsibility" and co-management in the financing of the public sector—a situation analogous to the co-management, profit-sharing, and other schemes in private industry. It is significant that this attempt to reimpose Say's Law, mobilizing "deferred wages" for investment and consumption, has been called Pension Fund Socialism.

New York showed the way for the I.M.F. strategy that was already being discussed by the Monetary Negotiations Committee in August of 1975. But it was only with the international agreements reached at Kingston (Jamaica) in January 1976 that the full implications of this new strategy were spelled out on a world scale. The agreements included the decisions to : sell the gold held by the I.M.F. in a series of auctions on the free market; create a "trust fund" with the profits from the gold sales to subsidize the poor nations with annual per capita income of less than \$350; abolish the "oil facility," which had been created to cover part of the severe deficits in balance of payments owing to oil price increases; and finally, generalize floating exchange rates to all countries. Not for nothing have these agreements been called "a new Bretton Woods."

The implications of these new conditions became clear immediately with the first big devaluation of the Italian lira in January, followed by devaluations of the Spanish peseta, the British pound, the French franc, and later the Australian dollar and the

Mexican peso. How can the New York crisis be linked to the international monetary coup that we have witnessed in the past year?

Let us take the first of the I.M.F. decisions—the gold auctions: this establishes two clear conditions of attack. On the one hand, the sharp fall in gold prices from the peak of \$200 an ounce in 1974, besides drastically reducing the "trust fund" for the poor nations, devaluated the central reserves of countries like Italy, France, and Portugal—in which gold is a significant component. This means that these countries, when using gold for "collateral agreements," receive less money in exchange from lenders. Italy, for example, had contracted for a loan of \$200 million from West Germany in 1974 on the basis of a given quantity of its gold reserves. By the summer of 1976 Italy was able to raise only \$150 million on the basis of the same quantity of gold as a result of the fall in gold prices decided by the

## The demonetarization of gold and the arbitrary, political, nature of decisions and conditions attached to international loans which this implies have removed the residual autonomy that national states could previously maintain by means of their gold reserves in the face of foreign deficits—deficits which are of course, mainly made up of public and social expenditure.

I.M.F. Similarly, Portugal, which had contracted a collateral agreement with the Bank of International Settlements in 1975, faced severe difficulties in February of 1976 when it asked for a new loan from the Bundesbank and the Swiss National Bank. The stumbling block was the "negative pledge clauses" which regulate the Eurobanks, clauses which prevent a country from seeking a loan more than once by means of gold collateral without doubling the quantity of gold already exchanged for the original loan (in this case the previous loan by the B.I.S.). It was only the political role of the Socialist Mario Soares in the negotiations that allowed the clauses to be waived. Thus we have a clear example of the new *selective political use of gold as a weapon* to impose conditions on a country acceptable to the multinational banks. The demonetarization of gold and the arbitrary, in short political, nature of decisions and conditions attached to international loans which this implies have removed the residual autonomy that national states could previously maintain by means of

their gold reserves in the face of foreign deficits—deficits which are, of course, mainly made up of public and social expenditures.

The second effect of the gold auctions is to create a climate of speculative uncertainty between national currencies now that gold prices are no longer a stabilizing factor. As a result, the flight from weak currencies ends up strengthening the strong ones, but above all becomes a tap for the Euromarket and hence the U.S. multinationals and Treasury securities, thus aiding the U.S. public deficit.

Finally, we should not ignore the extremely important effect of these measures on the role of the Soviet Union and the Comecon countries. From 1974 onwards the USSR had a mounting debt to Western countries, especially to West Germany and France for machinery imports and to the U.S. for grains. This accumulation of debt has been the result of the level of internal class resistance, which prevented the achievement of the goals of the Five-Year Plan. The first phase of detente in the 1960's which allowed the modernization of industry—the "Third Phase" of Soviet planning—ran up against a hidden inflationary push resulting from working class use of the limited labor mobility that was permitted. The profound effects of the Western monetary measures was due to the fact that gold has always been used in the Soviet Union to settle accounts with the "outside world"—ever since Lenin established the rule. Thus the USSR has become increasingly bound by the conditions of its Western creditors, and has thus been pushed into a frenzied quest for higher productivity from its workers—which has resulted in a greatly increased intensity of class confrontation.

If these are the effects of the demonetarization of gold, there are also limits within which gold prices have to be managed. If the price is allowed to fall too far, the struggle of the black workers in South Africa would escalate into an open and overall crisis of political control in all of southern Africa. Upon the maintenance of gold prices depends the future of the mining industry, and hence the control of African labor-power. This is the diplomatic constraint (that was represented by Kissinger) within and against which the strategy of the I.M.F. on gold prices has to operate. Indeed, the wave of struggles in South Africa in 1976 was the major "disequilibrating" element in the entire world monetary strategy adopted at Kingston. The margins of maneuver for U.S. policies that this situation imposes are very narrow. If the black struggles cannot be defeated, the choice will be either increasing the price of gold—and hence abandoning the entire deflationary strategy based on demonetarization—or the loss of control over southern Africa. Here we can see how the "pure" policies of the monetarist coup at the world level—the illusion of pure money which must always be used to exorcise the class struggle—have been met by their "opposite pole": hence the narrow and treacherous channel between money and politics through which U.S. global strategy has to steer its course today.

Given these effects and limits of gold prices as a means of international control, what is implied by the system, or better,

non-system, of floating exchange rates? Here again, in spite of the fact that from a purely monetary point of view there are no limits to the fluctuations of the various currencies, this devaluation-revaluation movement in 1976 has encountered political obstacles, and if carried through according to pure monetarist logic, it could jeopardize the entire strategy of the restructuration of capitalist command—the only long-term way out of the crisis for capital—as well as undermining the basis of the state and the international order.

The operation of floating exchange rates in 1976, with the enormous devaluation crises and the increasing indebtedness of local authorities and the public sector which have resulted, has narrowed in an unprecedented way the margins of maneuver—the "relative autonomy"—of national states, to the extent of dramatically reducing the area of choice within which national politics has to operate. All governments and their oppositions have in this sense been pulled into the narrow area of choice imposed by the logic of international monetary austerity. And the first consequence has been a loss of autonomy of national states and a *shift of state power to the world level—the level at which monetary terrorism operates*. At the same time, however, the downward movement of weak currencies and the upward movement of interest rates has been accompanied by the increasing *regionalization* of monetary control over local authorities,

**The conditions are being created for the multiplication of "New Yorks" on an international scale; what we are witnessing is centralization of a new kind: the centralization of multinational state power.**

cities, etc.—which in recent years have become more and more dependent on the multinational banks as opposed to state subsidies. In the period from 1974 onwards, in fact, the state (for example in Britain, France, and Italy) has actively promoted this increasing indebtedness of local authorities. In this apparent decentralization of state power (in the form of devolution, regionalization policies, etc.), the conditions are being created for the multiplication of "New Yorks" on an international scale; what we are witnessing is *centralization of a new kind: the centralization of multinational state power*. The devaluation imposed on countries with large public sector deficits and borrowing requirements—even where cuts have not been drastically and immediately applied—has meant that the local authorities and the public sector as a whole are increasingly caught in a scissor movement between soaring costs and upward interest rates on debts: *they thus have to implement their own cuts* and become increasingly dependent on the selective decisions of the multinational centers of power. And when, in addition, these mounting debts have

to be paid in devalued currency, it is possible for capital to create "two, three, many New Yorks" at virtually 24-hour notice.

To summarize: the downward spiral of devaluation and the upward movement of interest rates have resulted, first, in the regionalization of power, promoted by the state itself, which ceases to operate as lender in the last instance; and second, in the shifting of power as lender to the selective controls exercised by multinational centers of decision making. The political implications of this are enormous. Behind the system of floating exchange rates decided upon at Kingston lies a strategy of austerity by means of forced devaluations that impose self-reduction of spending on local authorities, narrowing the political choice to the point at which *the only choice is the distribution of the cuts*. The room for bargaining over the distribution of income is no longer open and expansive from the class point of view; it is reduced to a restrictive field in which bargaining becomes a purely divisive and disaggregating instrument in the hands of the state. By shifting the selective power to impose

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the blackmail of crisis to the international level, the entire framework of consensus through the distribution of income—the basis of the Keynesian state—is thrown into crisis. The mediations on which state power has depended—the party system, the distribution of income via local authorities, partnership with the unions for "planned development", etc.—are undermined. Their self-justification increasingly relied on the illusion that there is still room for bargaining. The new "justification" of the state, the rebuilding of its consensus, depends increasingly on the selling of this monetary terrorism by the official organizations of the working class, primarily the parties and the unions. They not only become directly implicated in the running of the crisis, but indeed become *direct agents* in the divisive and terrorist politics aimed at containing blocking any widening of the class front. It is increasingly up to the official class organizations to create conditions allowing the relative autonomy of the state—by imposing the logic of austerity while fostering the ideology of deferred, future growth. This is the real function of the new social democracy in the crisis; its "left" component is confined to tilting at windmills. The monetarist blackmail has forced social democracy to become *the national government of austerity*: whether it is the "government" or the "opposition" is unimportant. To cite two obvious examples: the Italian Communist Party, fresh from electoral

victories, above all at the regional and local level, now finds itself trapped in a political impasse. *From being the party of guaranteed income, it now has to transform itself into the administrator of cuts in local spending.* In Britain there has been a similar dramatic change in the physiognomy of the Labour movement: the "social contract" of 1974 has become the means by which government and the unions impose the deflationary regime, exploiting the monetarist blackmail to the full while externalizing responsibility for the crisis to shadowy and ill-defined "international financial operations." The real power and initiative in selectively imposing austerity is hidden behind the smokescreen in which money supposedly obeys its own laws outside and beyond the sphere of political choice—where "man is nothing."

The experience of New York is also a paradigm for the likely consequences of this overall strategy of austerity for the so-called developing countries. The loan arranged for New York to cover its immediate liabilities was on the condition of *no moratorium*. The loan had to be repaid within the time specified. The ending of moratoria also appeared at the United Nations Conference on Trade and Development meeting in Nairobi in the spring of 1976, where the "developing" countries met to discuss a common policy for confronting their enormous debts abroad and regulating the pricing policy for raw materials. A large part of the debt of these countries has been increasingly held by the commercial and investment banks of the Euromarket. It is estimated that just over half of these are financed by official agencies—the World Bank, the OECD, OPEC, the socialist countries, etc.—while almost half are from the private banking sector. The total amount of credit required by the poorer countries has been calculated at \$40 billion for 1976, while about 50 percent of the profits of the major U.S. banks now come from loans to these same countries—a situation which makes it unlikely that moratoria will be widely permitted. To do so would lead to an open-ended system of "international welfare". The refusal of moratoria on the part of the "advanced countries indicates the strategy of privatization of aid on a world scale by means of conditional, fixed-term credits provided by the multinational banking system, with the result being the proliferation of the "debt economy" on a global level. As in the cases of New York and the Western European countries, the poor countries—the debtors par excellence—can only repay their debts by devaluation, which in turn lowers the purchase price of their raw materials—while their imports from the Western countries have to be paid for in dollars.

#### A NEW LEVEL OF CLASS CONFRONTATION

If this monetary strategy arising from the restructuration of the financial system represents the general line of deflationary attack on the working class internationally, to what extent can it provide the *solution* for capital? How far can it succeed where previous deflationary attempts have failed? Rather than providing a solution—that is, a way out of the "open-ended transition" that capital has been faced with—the application of the monetarist policy contains its own inherent and unavoidable contradiction. Monetarism

and policies deriving from it presuppose a relation of class forces completely subordinated to money as capital. But such a relation cannot be assumed the present situation. The prerequisite for this strategy to provide the solution, and not merely a response, to the already existing level of international class attack is an ability to exorcise the class struggle, not only in theory but in reality. Yet this strategy is premised upon the already existing open-ended crisis, but contains in itself no inherent capacity to solve the political confrontation which its application implies. On the one hand, it subordinates politics, the arena of subjective decisions and class forces, to the dictates of money: when Milton Friedman says, "Last year New York and Chile, this year Britain," he assumes that the political conditions are already everywhere favorable to monetary attack, that the battle is already won. On the other hand, these conditions are clearly not given: politics cannot be eliminated by a voluntaristic solution to the problem of power. Earlier deflationary attempts failed to solve the political problems of the resistance of the working class—a specter which cannot be exorcised. Equally, monetarist strategy can only establish the basis for the relaunching of the capitalist system by eliminating this contradiction, or else the crisis remains open-ended and the contradiction is merely pushed up to a higher level of class confrontation.

It is against this threat that the state must measure its use of terrorist measures to isolate potential vanguard sectors in order to avoid a generalized class confrontation: the only political "solution" in sight for capital is a long, drawn-out process of (hopefully) eroding working class power, of "holding the fort"—in short, a war of position. Hence capital once again faces the political "limits" that ultimately represent the "limits" or contradiction of the money-form itself. To return to Marx: "From the fact that capital posits every such limit as a barrier and hence gets *ideally* beyond it, it does not by any means follow that it has *really* overcome it." In subjecting the state to international monetary dictates, there is a grave risk for capital that these "limits" may not only create a vicious circle in which the contradiction within monetary policy is constantly reproduced, but that they may escalate the crisis of money into the crisis of the state itself.

In October 1976 representatives of the member-countries of the I.M.F. met in Manila to re-examine the world situation in the wake of a new wave of devaluations. What soon became clear was that the general strategy would not change—not until wages, income, and social discipline have been brought back under capitalist control. The terrorism imposed by money will continue, checked only when the political price is too high. The attack on employment will continue, as will the dependence of industrial development, local government, and the public sector on the selective political controls exercised more and more by the multinational banks. In short, each crisis leads on the next, and the monetary transition threatens to become more and more a permanent state of international emergency. This undermines the entire system of mediations on which the state has relied in the

past: from the state as distributor, to the state as lender, to the state as distributor of cuts—what comes next?

What is clear is that the longer this period of transition lasts—the more permanent the monetary attack becomes—the more it can develop into the terrain of a subjective reorganization of the working class. While the overall dimensions of this new cycle of struggles are not yet clear, its characteristics have begun to emerge in confrontations ranging from the uprisings of black youth in Soweto and London, to the food price riots in Poland and Egypt, to the pitched battles between students and police in Italy and Britain. What seems to tie these struggles together is that in a crisis situation in which capital is forced to abandon the Keynesian form of money as mediator of class relations in order to maintain its power, the working class—whose very struggles generated that crisis—is pushing forward with demands that aim at the elimination of work altogether and appropriation of social wealth as a whole.

This is not a dream of a future society; rather it is the practical requirement posed by the present situation of class confrontation. And it is not the planning of a party central committee, but the expression of the new needs and new demands of the various sectors of the working class. For, given the new forms of capital's attempt to reimpose command through centralized multinational state power and regionalized implementation of austerity, these very struggles over money, work, and all the conditions of life are *immediately struggles against the state*. To speak of attacking the coercive power of the state can no longer mean the coup d'etat, the storming of the Winter Palace. It means an attack on the "social contracts" and incomes policies in Western Europe, an attack on the fiscal crisis in the U.S., an attack on "socialist discipline" in the Eastern bloc—in short, generalized resistance to capital's plans everywhere for the erosion of working class power.

The overriding question before us now is one of determining the forms of organization which can carry out these attacks. This is not a matter of establishing a party that attempts to manage the struggle from above and "lead the working class to socialism". Rather it is a matter of analyzing the successes and failures of the modes of working class organization in the previous cycle of struggle, primarily the organizations of the unwaged in the struggles against the state over the social wage. Only then can we begin to grasp the mechanisms of the *circulation of struggles*, both across geographical areas and among different sectors of the class, and thus organize ourselves in ways that accelerate that circulation. And it will be only then that we may see what it truly means for the working class not just to *have power*, but to be *in power*; and what it means for us not just to *fight against* capital, but to *destroy* capital in all its forms.

# DEVELOPING AND UNDERDEVELOPING NEW YORK: The "Fiscal Crisis" and the Imposition of Austerity

Donna Demac & Philip Mattera

New York City—the capital of international capital—has been in a condition of constant turmoil for more than two years now. Hundreds of millions of dollars of public expenditures have been eliminated, tens of thousands of city workers have been laid off, and direct control of the city has been assumed by a set of ruthless planners from the corporate elite and the federal government. Martial law -- in a fiscal sense -- has been declared, and the order of the day is: work more and get less. The banks and the federal government, with the cooperation of the municipal union leaders and local elected officials, have used the outright manipulation of money -- the money used to pay for the wages of city workers, payments for welfare recipients, and all the functions of the social factory managed by the city administration -- to accomplish perhaps the most decisive defeat of working class power in the world today.

But what is almost invariably overlooked in analyses of this crisis is that the reason for the intensity of capital's assault was precisely the intensity of the working class offensive that preceded it. It was this offensive that undermined the social control of business and government in New York, and it has been in response to this offensive that those in power have succeeded in *making New York part of the "Third World,"* in the sense that the city has been subjected to capital's most effective weapon: underdevelopment. New York has been serving as one of the main laboratories for the testing of the "fiscal crisis" as a complement to the food and oil crises in the arsenal of weapons used to deal with the international class offensive against work. What had been tried quietly throughout Latin America, Asia, and Africa -- manipulation through debt dependency -- has now been presented with full force in the metropolis of the "metropolis."

To a great extent, the underdevelopment of the private sector in the city (in response to New York's acute "labor problems") had been in operation for many years: about half-a-million manufacturing jobs were relocated out of the city from 1950 to 1975, and more

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than 650,000 jobs of all kinds "disappeared" in the seven years following 1969.<sup>1</sup> What is unique about this current crisis is that it concerns the finances and functions of the State and that its leading actors have been, on the one side, the State's managers and creditors, and on the other, its employees and its "clients." It has been through the underdevelopment, the impoverishment of New York's public sector that those in power have sought to end the working class raid on the treasury.

Our aim in this article is to recount and analyze both of the processes -- the growth of wage struggles against the city administration in the 1960's and capital's imposition of austerity as a means of undermining that struggle -- not for the sake of history, but in order to see how we might once again regain the offensive and subvert the "fiscal crisis."

### *FIGHTING THE HUMAN CAPITAL STRATEGY*

The situation which faced those in power at the beginning of the 1960's in New York and, in varying degrees of intensity, cities across the country was one of growing restlessness among all sectors of the working class: the earlier immigrants in the factories of the north were threatening the foundation of the Keynesian system through their increasing wage pressure and their struggle against the disciplinary function of the unions, while recent black and Latin arrivals from the south and the Caribbean were rejecting their designated role as reserve labor in the ghettos. Capital needed a strategy which would both undercut the waged workers' challenge to that delicate Keynesian arrangement and help to bring the unwaged population into that same system by transforming the emerging civil rights movement into something that would promote rather than thwart capitalist development. A solution was sought through the so-called human capital strategy, which was at the heart of the domestic programs of the Kennedy and Johnson administrations. Its purpose was appropriately twofold: with large federal investments in education, job training, health, and community development, the intention was to create a new supply of (hopefully cooperative) wage labor in the ghettos by seeking to channel the frustration of the unwaged in a vocational direction. This, in turn, would increase competition for jobs and undermine the wage offensive. Thus, countless of millions of dollars were invested in programs such as the Manpower Development and Training Act of 1962, the Vocational Rehabilitation Act of 1963, and the crowning glory: the 1964 Economic Opportunity Act -- Johnson's frontal assault in his "war on poverty."

But from the very beginning, especially in New York, there were signs that the intended participants would refuse to cooperate with the terms of the strategy. Just before the Economic Opportunity Act became law, the first of the major ghetto riots of the 1960's erupted in New York, beginning in Harlem and spreading in the July heat to Bedford-Stuyvesant and elsewhere. There had been riots in Harlem before -- notably in 1935 and 1943 -- but it came to be widely acknowledged that there was something different about the 1964

uprising, something that was to characterize the rest of the urban riots of the decade. No longer were these outbursts simply expressions of anger and frustration -- they were certainly that! -- but they also took on an "economic character." As looting became the primary activity, it became clear that the riots were acts of direct appropriation of social wealth, the wealth that was denied ghetto

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residents most acutely because of their wagelessness. One of the clearest examples of these acts, which Nathan Glazer and Daniel Moynihan have appropriately labelled "commodity riots," was a 1967 incident in New York in which black teenagers looted Fifth Avenue shops of more than \$26,000 worth of very expensive merchandise.

During this period ghetto residents also organized to reduce collectively the prices of the things they needed, especially housing: in 1963 and 1964 a wave of rent strikes swept through New York.<sup>2</sup>

Struggles between tenants and landlords in the city date back to the earliest waves of immigrants. Popular resistance to the miserable conditions of the tenements in the late 19th Century forced the New York state legislature to pass the first set of housing regulations in the country—the 1901 tenement House Law. Yet, since much of the ghetto housing in the city remained in miserable condition, and since Manhattan remained among the most dense areas in the world (surpassing, by some measures, even Calcutta), tenants launched a mass movement against landlords during and after the First World War. In May 1919, thousands of people, led by the Tenants Defense Union, staged powerful rent strikes across the city, frightening the legislature into passing the country's first rent control law in 1920. This upsurge was revived in the 1930's when the original law expired, so the state was compelled to continue the controls. In one decisive incident in 1932, 4000 people in the Bronx fought with police when they tried to evict 17 families on a rent strike.

In subsequent years tenant power kept rents relatively low, but building conditions continued to deteriorate: in 1963, about one-half of the tenements in the city, *condemned as unfit for human habitation at the beginning of the century*, were, with only slight modification, still standing and being inhabited. It was this situation that prompted the new round of tenant actions, which came to be led by independent activist Jesse Gray and the Congress of Racial Equality. The rent strike movement, which at its height in 1964 involved more than 500

buildings in different parts of the city, resulted in many permanent reductions in rent, as well as new emergency repair funds, a \$1 million rat-extermination program, and new protective legislation for tenants. Yet perhaps the greater impact of the struggle resulted from the expression of anger and power on the part of ghetto tenants, including the bringing of rats caught in their apartments to court during rent strike trials and the Rats to Rockefeller action, in which hundreds of toy rodents were mailed to the governor's office.

## Not only did people resist unionization [of the ghetto]—they used the very money of the programs to thwart development and dependency.

The message was not lost on city officials, who quickly "opened the lines of communication" with tenant leaders by establishing "hot lines" to heads of agencies -- an arrangement which allowed those leaders to get rent reductions for people simply by making a telephone call.

The uprisings and rent strikes of the early 1960's served as the prelude for a much larger and more powerful struggle: the welfare rights movement. 3

The welfare system -- primarily the Aid to Dependent Children (ADC) program -- was enacted in 1935 as part of the Social Security legislation, which grew out of the social struggles during the Depression. Welfare rolls shot up immediately after the Second World War but remained relatively low in the 1950's because of harsh restrictions in many states. As late as 1960, the average ADC payment was only \$35 per person a month in the northeast, while rates in the south, for example, were even lower.

The welfare rights movement, which grew out of resistance to this miserable standard of living, led to a direct confrontation with the federal government, which was seeking to channel the anger and frustration of the ghetto in directions which would serve capital. The plan was to *unionize* the ghetto, to put the poor into organizations dependent on federal funding that would seek concessions but keep their members under control and not seriously challenge existing institutions. However, before long, this strategy failed. For not only did people resist unionization, but they used the very money of the programs to thwart development and dependency. For example, one of the roots of the welfare rights movement was in the federally-funded Mobilization For Youth (MFY), a counselling and job-training program that began operation on New York's Lower East Side in 1962. MFY workers and neighborhood people used the organization and its funds not as Washington had intended, but to launch an attack on the welfare administration, forcing it to end the

midnight raids (that were supposed to make sure ADC mothers were not actually living with men) and the forced return of many recent migrants from the south and Puerto Rico.

The national welfare rights movement evolved out of the Poverty Rights Action Center, set up in Washington in 1966, which organized a decisive series of demonstrations in more than 15 cities in the summer of that year. The National Welfare Rights Organization, a federation of local groups, was founded that August and expanded to a membership of 100,000 at its height in 1968 and 1969.

The welfare rights offensive was strongest in New York, gaining such momentum in the successful winter clothing campaign of 1965-1966. In 1967 the city WRO group launched a drive to force the welfare administration to give all they were entitled to, while simultaneously fighting for special clothing and furniture grants. By the time the group staged a sit-in at a conference in 1967 of business leaders, convened by Governor Rockefeller to discuss the "welfare problem," the movement had become a formidable political force in the city, capable of undertaking daily demonstrations throughout the five boroughs.

The organized welfare rights movement also inspired other wageless people to take action. In May 1968, for example, thousands of poor women stormed city welfare offices and demanded special payments, and after sit-ins lasting as long as a week, checks were distributed to them. Actions like this forced the welfare administration to disburse more than \$13 million in June 1968 alone, while the annual rate of special payments catapulted to more than \$100 million. And when the special funds were eliminated through a "simplified payments system," militant protests were held at City Hall, and welfare mothers attacked offices around the city, disrupting operations, destroying property, and confronting welfare administrators.

The most dramatic result of these struggles was the explosion in the number of welfare cases in the city -- a jump from 324,000 recipients in 1960, to 889,000 in 1968, to a high of nearly 1.3 million in 1972. At the same time, general ADC payments were forced up sharply from about \$2100 a year for a family of four in 1960 to almost \$4000 (plus many additional subsidies) in 1971.

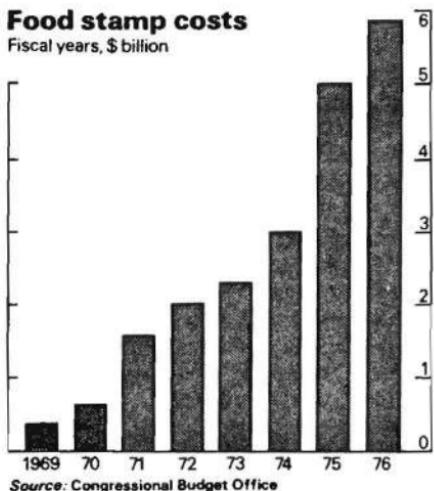
During this period, "clients" asserted their right to the payments -- the women seeing them as a form of wages for their housework -- and fought all attempts by the government to force them into (low-wage) jobs outside the home. A 1966 study found that of a sample of New York recipients placed in jobs during a 30-day period, 84 percent left the jobs within a month -- 90 percent of those within two weeks! 4 There was also a breakdown of the work inside the family -- a dissolution of "parental roles" -- as husbands and wives made arrangements (what were called "fiscal abandonments") so that welfare payments could be obtained by the woman. The breakdown of the family structure alarmed business and government, which were fearful of its effects not on general morality so much as on the availability of labor. A report by the First National City Bank declared: "The fact that welfare is, in practice, such an accessible alternative to low-income work is troubling...The optimum solution lies in the direction of putting the major emphasis for employable

males on developing stable job career ladders, so that husbands will be better able to support wives and children without going on welfare or resorting to abandonment."<sup>5</sup> What was undoubtably even more troubling to the bankers and their colleagues was that ghetto men had realized that those career ladders did not actually exist for them and thus began to seek money outside of the waged job.

#### "THE AGE OF THE PUBLIC EMPLOYEE"

The immediate effect of rebellion among the ghetto population was on city workers, who were usually the ones put in the position of dealing with poor communities as police, firefighters, teachers, and social workers. A surge in public worker militancy was the result, as seen first in the welfare workers' strike of 1965, which coincided with the emergence of the welfare "clients'" movement. The four-week walkout was led by the independent Social Service Employees Union and was mainly concerned with the issue of workload -- a matter which the welfare administration was fond of describing as a managerial prerogative. The action was successful not only in terms of winning large wage increases, sharp cuts in workloads, and bargaining procedures in areas previously controlled unilaterally by management, but also in ushering in a period of intense struggle by city workers that continued into the 1970's. During this period, city employees in New York were at the forefront of a nationwide offensive by public workers, whose numbers more than doubled in the course of the decade, while strikes rose from 20 in 1960 to nearly 400 in 1970 -- a situation which prompted *Fortune* magazine to declare that public workers "increasingly look upon unions as a lever to pry loose more money."<sup>6</sup> As strikes became more than mere possibilities, the distribution of power between labor and management in the public sector was radically altered.

After the strike by welfare workers largely destroyed *managerial* prerogatives concerning wages and workload, the transit workers'



strike of 1966 began to establish what amounted to *workers'* prerogatives on these issues, growing out of rank and file pressure on Transit Workers Union head Mike Quill to adopt a tough stand against the new mayor, John Lindsay, who took office only hours before the strike began. The action succeeded in paralyzing the city, especially business, which lost close to a billion dollars. By the time the transit workers ended the 12-day action, they had won a 15 percent wage increase over three years and a \$500 retirement bonus. More importantly, it was this strike which dealt the deathblow to the Condon-Wadlin Act -- which was supposed to prevent strikes by public workers -- since the law proved useless to the city administration in dealing with the transit workers.

This was recognized by both the city and the state governments, which proceeded separately to search for new mechanisms for controlling New York's public workers. Governor Rockefeller assembled a panel, headed by labor expert George Taylor, that made recommendations which led to the Taylor Act -- a piece of legislation that still prohibited strikes but established new procedures for collective bargaining. The city government, meanwhile, created the Office of Collective Bargaining (OCB), which was the more liberal of the two approaches, as it was comprised of representatives of the city administration, the unions, and the "public." The enthusiasm expressed for the OCB by most of the city union leaders indicated the extent to which they too were concerned with finding ways to restrain their memberships.

Nevertheless, this wish was not fulfilled. In February 1968, thousands of sanitation workers staged a wildcat strike in defiance of both the city administration and union leader John DeLury. The nine-day action created a severe crisis for both city and state officials, prompting the governor to threaten to take over control of the city's sanitation department. The wildcat was also all the more significant because it took place simultaneously with the strike by sanitation workers in Memphis, Tennessee. It was in this strike that Martin Luther King, Jr. tried to link the civil rights struggle with the wage struggle -- and it was then that he was assassinated.

This era of militancy on the part of public workers reached its highest expression in the gains made by the uniformed services: the police, firefighters, and sanitation workers. After staging separate wildcat actions in 1968, the three groups forced their union leaders to wring higher and higher pay and benefits out of the administration -- agitation which prompted *Business Week* magazine to proclaim this period "The Age of the Public Employee."

The main way in which the uniformed services pushed up wages was through the parity issue. Traditionally, police and firefighters had received equal pay, and sanitation workers eventually won 90 percent parity. But the ratio of the wages of fire lieutenants to those of firefighters grew to be higher than the ratio of the wage of police sergeants to those of patrolmen. Declaring their jobs equivalent to fire lieutenants, the sergeants in 1967 demanded that the newly-created Office of Collective Bargaining raise their wages so that their differential with patrolmen would be more in line with that

between lieutenants and firefighters. The OCB agreed to narrow the gap, but the patrolmen objected and demanded a raise to restore the old ratio -- a position that they affirmed with a six-day wildcat strike in January 1971. The city gave in to the patrolmen, thus putting itself in the situation of having made contradictory agreements to two groups of workers. The result was that the sergeants and the patrolmen could then drive up wages without limit by alternately demanding the fulfillment of the two agreements. To complicate things more, firefighters and sanitation workers came forth with further parity demands, so that after the dust cleared, the administration was forced to payout \$200 million in increased wages! and subsequently, base pay for police and firefighters, which had been \$7806 in 1964, rose to \$14,300 in 1973, while total labor cost per worker rose from \$10,368 to \$21,786 in the same period.

The major component in the vastly increased labor costs was the sharply rising contribution the city was compelled to make to the pension funds of its employees. Beginning in the 1950's, city workers began to push for better retirement benefits at less cost to themselves (originally, the city paid half the cost for all workers except police and firefighters, for whom the administration paid 75 percent). Workers won the right to get Social Security along with the pension; the inclusion of overtime in the computation of the pension base; and, in the 1960's, the Increased Take-Home Pay plan in which they obtained what amounted to tax-free wage increases as the city increased its share of pension costs. By 1972, no city worker's share of pension fund costs was more than 40 percent, while the transit workers had forced the administration to pay 100 percent of their retirement costs.

These pension gains -- gains which once again gave workers more money for less work -- soon alarmed the state legislature, which has ultimate jurisdiction over pension regulations. In 1971 the body rejected pension enrichments agreed upon by the city and District Council 37, the largest of the unions. Victor Gotbaum, head of the union, was thus forced to call the "biggest, fattest, sloppiest strike" in the city's history. The walkout included city incinerator workers, thus compelling the Sanitation Department to dump 700 million gallons of raw sewage into the city's waterways. Nevertheless, this strike, unlike virtually all of those by city workers in the previous ten years, was a failure.

#### THE CIRCULATION OF URBAN STRUGGLES

The reasons for the failure were complicated, but what was clear was that the crushing of the strike was the turning point in the growth of public workers' power in New York -- a development which coincided with setbacks for other sectors of the working class in the city. Those in power had apparently concluded that the social relations of the system were seriously deteriorating: the "community" had become helpless at the hands of city workers, welfare recipients, and others. Something had to be done, and before long, capital's counter-offensive was launched. At its center were the imposition of a climate of austerity, the creation of scarcity, and the attempt to reimpose the discipline of work. Yet, before the

counter-offensive can be understood, it is necessary to say more about the nature of the crisis faced by business and government.

For city workers the crisis meant the end of the era of the "civil servant" -- the elite corps of public employees whose work had an aura of high status and professionalism. The merit system was effectively destroyed as wages and working conditions came to be determined by nothing other than the collective power of these employees. The result was an enormous growth in the ability of city

**Those in power had apparently concluded that the social relations of the system were seriously deteriorating: the "community" had become helpless at the hands of city workers, welfare recipients, and others.**

workers to avoid work and demand higher and higher wages and benefits. By the end of the 1960's, labor analysts for the city administration admitted that there was little that could be done to prevent sleeping on the job ("cooping"), late arrivals, early departures, excessive lunch breaks, and other "inefficient work practices."<sup>7</sup> The steep decline in the work done by city employees necessitated large increases in payrolls: from 1960 to 1970, the number of welfare workers rose 225 percent, teachers 123 percent, and police 42 percent. At the same time, militancy drove up wages at an unprecedented rate during the decade: 112 percent for police and firefighters, 106 percent for sanitation workers, 97 percent for City University faculty, and 77 percent for public school teachers.

This decline in professionalism was intimately related to the transformation of the wageless population of the city, the main "beneficiaries" of the services city workers were supposed to provide. Teachers could no longer function as professionals when pupils became totally undisciplined and often attacked them. Police officers could no longer function as professionals when they were increasingly harassed by ghetto crowds and shot down in the street. Welfare workers could no longer function as professionals when they too were attacked by their "clients."

This rebelliousness of the wageless was a reaction to the system which blocked blacks and Hispanics from following the route to assimilation (and to waged jobs) that had been open to the previous white immigrants. The reason for this was that capital kept the non-white population on reserve as a source of cheap labor for periods of expansion -- a situation which created deep divisions in the working class based on the wage or lack of it. What was remarkable, however, was that the wageless population, despite its tenuous links with the factory or office, found ways to confront capital with demands for a higher standard of living. Throughout the 1960's, the

unwaged in the ghetto found ways to win more money and less work in the context of the *social factory*.

The impact of the struggles of the wageless affected not only public workers, but also waged workers in the private sector of New York. The rejection of miserable and low-paying jobs by blacks and Hispanics made it more difficult for business to use them to undermine the power of waged workers, who were then better able to win further gains. This process reached a critical point when the welfare rights struggle pushed the total of payments and subsidies above the amount equal to the pay received by workers at, or just above, the minimum wage. As more and more people made themselves unavailable for employment in the factories and offices, the percentage of the employable population in the city holding waged jobs sank steadily, thus dissolving the labor supply of many low-wage industries.

This aided in the emergence of a period of intense struggles by waged workers in the private sector. The upsurge began with the electrical workers' strike of 1962, which resulted in a 25-hour basic workweek and large wage boosts -- gains which so disturbed President Kennedy that he called for all future raises to be tied to increases in productivity and declared that the "national security".



required the 40-hour week. But Kennedy's plea for labor moderation was not heeded in New York, as a strike wave began with walkouts by hospital, communications, and, most notably, newspaper workers, who closed down the city's dailies for four months. In the following years the militancy persisted, led by the newspaper workers and the dockworkers, who staged repeated wildcats from 1963 to 1969. By 1970 the annual rate of "mandays lost" due to strikes rose to nearly two million in the city, while wages were shooting up rapidly in virtually all sectors. This period culminated in the postal strike of 1970, which, although it involved public (federal) workers, brought together all of the major issues in the private sector battles of that era, including the fight against speed-up, resistance to the use of sophisticated machinery to discipline workers, and especially the demand for more money and less work. The illegal strike began and remained strongest in New York, and it was also there that the postal workers emerged victorious after the national guard troops sent in by President Nixon were unable (and quite unwilling) to break the strike.

We can now come to an overall generalization about the struggles in New York in this period: each was a cause of and response to struggles by other groups in the working class. We have

mentioned ways in which the struggles of the unwaged fueled struggles by the waged, but the opposite was also the case. Disinterested clerks not bothering to check eligibility helped to expand the welfare rolls. Police corruption helped to foster the "criminal" life style of the ghetto. And frequent walkouts by teachers stimulated the rebellion of students. In addition, the growing power of leading sectors of the waged, such as construction workers, in effect strengthened the welfare rights movement, since the barring of blacks from the high-paying jobs made them all the more militant in their confrontations with the government to demand money outside of the waged job.

This is not to say that the divisions in the working class had disappeared; on the contrary, what are called racism and sexism were rampant during these years. But it is important to see that what was at the root of these "isms" was not backward thinking, but very real divisions between blacks and whites and men and women based on the wage (or lack of it). What was unique was that while these divisions continued to exist, when groups of the waged and the unwaged confronted one another, they used the antagonisms as a basis for making greater demands on capital. This was even seen in the confrontation between different groups of waged workers in the parity dispute. The dispute was indeed a case of "chauvinist" rivalry among groups of city employees -- but more important was that the dispute resulted in quick, large wage increases for *all* the groups of workers involved. These dynamics were perhaps most dramatically revealed in the conflicts involving teachers and students -- both in the public schools and the City University (CUNY) -- during this period. The bitter 1968 teachers' strike involved both teacher demands for greater control over their working conditions (especially hiring and firing) and parent demands for greater control over the working conditions of their children in school (the decentralization controversy). While it is true that these demands were largely opposed to one another, in the end both groups gained more power vis-a-vis the city administration. There was a similar situation at the City University. Black and Hispanic students struggled to have their particular needs met by the administration, while the faculty sought better job security and greater control over their working conditions. The initiation of open admissions (following a series of student demonstrations that forced the closing of most of the CUNY system for several weeks in the spring of 1969) was a dubious victory for both sides; but the faculty members ended up with large wage increases (a rise from \$5600 in 1959 to more than \$11,000 in 1970) and the black and Hispanic students won greater control over the SEEK program (which, among other things, provided them with living stipends -- a form of wages for schoolwork).

In general, there was also widespread animosity between city workers and welfare recipients during these years. Yet, looking at the overall results of the period, we see that the workers gained enormously increased wages and benefits, and the recipients gained enormously increased payments and subsidies. *What is crucial to see is that these two phenomena could not have taken place without one another.* This is not to say that the struggles of the different sectors

were consciously coordinated and planned, but that the divisions were turned around and used against capital itself. There was nothing magical about this: it was the consequence of the discovery by the wageless of effective ways to struggle against capital in the social factory, which in turn "proletarianized" the working conditions of city workers (whose jobs were predominantly involved with the wageless), leading them to make greater and greater demands on the city administration.

#### CAPITAL BEGINS TO FIGHT BACK

This brings us to the counter-offensive. Those in power were clearly alarmed by this state of affairs, for waged city workers could no longer be counted on to control the wageless, who themselves could no longer be counted on to function as a reserve labor supply to undermine the power of private sector waged workers. The first response took the form of official concern over the budget. Expenditures had been rising much more rapidly than revenues throughout the 1960's -- a clear reflection of the successful wage struggles by city workers and city "clients." The federal and state governments had thus been forced to supply higher and higher levels of aid, so that by 1973 these forms of revenue were paying for 46 percent of the city's expenses. The problem of stagnating local

**Fortune** magazine published an influential article which included the warning that "one of the principal concepts that city officials need to adopt from business is the essential link between productivity and wages."

revenues and increasing expenditures was then transformed into a "budget crisis" when the external funds propping up the city administration began to decline. In the name of "money shortage," the state and federal governments stopped paying for the gains won by the working class in New York. In addition, the state began to take direct measures to undercut those gains. Besides the squelching of the 1971 pension strike, the Rockefeller administration and the legislature reduced welfare and Medicaid benefits; required welfare recipients to have photo-identification cards; tried to coerce recipients to accept low-wage jobs in the Incentives for Independence Program and the Work Relief Employment Project. At the same time, a three-year moratorium on pension fund improvements was imposed and retirement benefits were reduced for new public employees, while a drive was initiated to impose a stricter correlation between wages and productivity -- even though it was admitted to be difficult or even impossible to compute a meaningful measure of productivity

in many public services. Mayor Lindsay brought in the RAND Corporation for this purpose, and in 1972 the city spent \$20 million for the country's first comprehensive productivity program in government. New York thus became the vanguard of a national attempt by those in power to use this time-honored method for controlling workers. At about the same time as the RAND project, the newly-formed National Commission on Productivity began to fund extensive studies concerned with measuring public worker output, while *Fortune* magazine published an influential article entitled "City Hall Discovers Productivity," which included the warning that "one of the principal concepts that city officials need to adopt from business is the essential link between productivity and wages."<sup>8</sup>

The problem with these first steps of the counter-offensive in New York was that despite the failure of the pension strike and other setbacks, the working class still possessed a great degree of accumulated power. Hence, while city workers agreed to some changes in work rules, they demanded in exchange wage increases that exceeded the savings the administration hoped to make by the changes -- thus blowing apart the entire intent of the scheme. Welfare recipients likewise resisted: when the state announced cutbacks in benefits in May 1971 thousands of people in different ghettos around the city set up barricades in the streets and fought police. And although the rate of growth of the rolls subsided, the benefit levels could not be significantly reduced and there was strong resistance to the imposition of low-wage jobs. In general, then, those in power soon needed to intensify the simple money shortage strategy, to push it beyond mere moves to shake up a few "lazy" city workers and "welfare chiselers." The result was the crisis of debt dependency and the corporate coup d'état.

Nearly all state and local governments in the U.S. regularly borrow money by selling tax-free long-term bonds and (less frequently) short-term notes. The notes are usually a way for governments to delay issuing bonds for capital projects until the market is favorable. But, in a few cities, preeminently New York, short-term borrowing was made the crucial tool (along with state and federal aid) for dealing with operating deficits and cash-flow problems -- the results of urban class struggle. The level of such borrowing by New York's administration exploded beginning in 1969, rising from about \$750 million that year to more than \$2.5 billion only three years later -- *a situation that was vigorously encouraged by the major banks and the rest of the business community.*<sup>9</sup> It was precisely this growth of borrowing that established the formal dependency of the city on the financial institutions, a dependency which served as the foundation of the intensified counter-offensive.

The exploitation of this dependency was initiated in the spring of 1974 through the demand by the major banks for higher and higher interest rates on short-term notes -- supposedly because of "eroding investor confidence in the city." This pressure set in motion a chain of events, now known as the Crisis of New York, which has consisted of never-ending cash-flow and budget deficit problems, and such

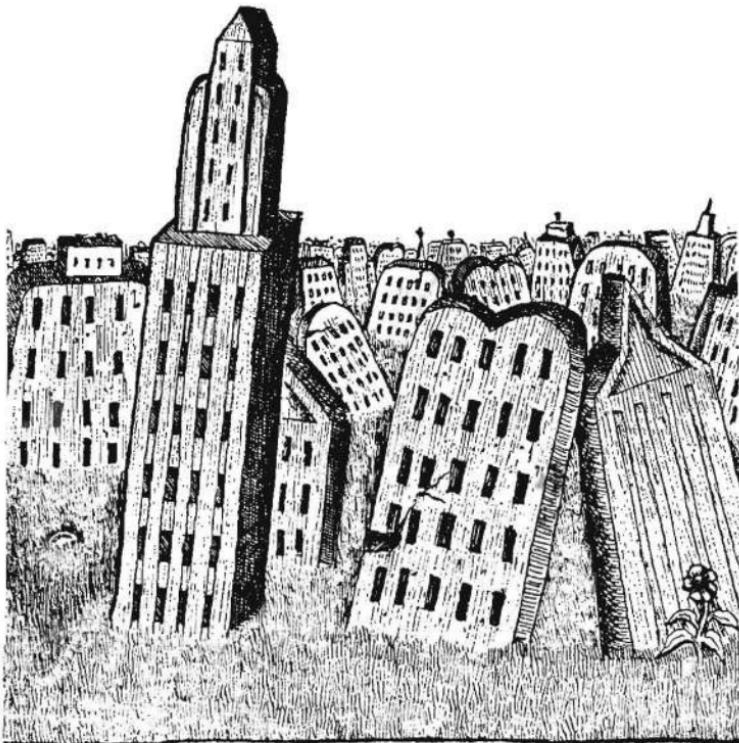
"solutions" as huge layoffs of city workers and cutbacks of city expenditures, de facto bankruptcy, and the taking of direct control of the city by the federal government and representatives of the corporate elite.

This last item, the transformation of control in the city, has been depicted as a necessary consequence of the failure of local elected officials to exercise effective fiscal control over the budget; but what we can clearly see from the struggles in the city over the previous 15 years is that this was actually a question of failing to exercise effective *social control* over the working class of New York. The first major step by capital in the intensified counter-offensive to remedy this situation came in June 1975 with the creation of the Municipal Assistance Corporation. MAC, which ended up being effectively controlled by Felix Rohatyn, one of capital's most talented "repairmen," was empowered to supervise the repayment of the city's debt for ten years, doing so through control of New York's revenues from sales and stock-transfer taxes, the limiting of short-term borrowing, and the issuing of its own long-term bonds backed by the state. But it soon became clear that MAC was to be involved with more than the city's cash flow: in the summer of 1975 Rohatyn and his associates forced upon the administration an austerity plan that included a three-year wage freeze for city workers; a 43 percent increase in bus and subway fares, as well as sharp rises



in bridge and tunnel tolls and commuter railroad fares; a \$32 million cut in the CUNY budget; and a \$375 million reduction in the city's capital budget. The attack on jobs and services was also pushed forward with the assembling of the Management Advisory Board and the Temporary Commission on City Finances, both of which were authorized to do research in order to advise those now in power on the most effective ways of imposing austerity. Yet, by the end of that summer, the corporate planners apparently decided they needed an even more powerful body to carry out their grand schemes for disciplining the city. The result came in September with the creation of the Emergency Financial Control Board (EFCB), which assumed virtually complete control over New York's finances and established the framework for possible bankruptcy. The original members of the EFCB, besides the governor, the mayor, and the state and city controllers, were Albert Casey, chairman and president of American Airlines; David Margolis, president of Colt Industries (a major weapons producer); and William Ellinghaus, president of New York Telephone (who was also a member of MAC). Later, Rohatyn also joined the EFCB, replacing Casey.

As it turned out, the EFCB abandoned the idea of formal bankruptcy and instead won agreement from the federal government for a \$2.3 billion direct-loan plan—an arrangement which put the feds, specifically the Treasury Department and the Senate Banking



Committee, in a position of being able to impose conditions of austerity directly on the people of New York, as seen later in the moves to ensure the enforcement of the wage freeze.

### THE ATTACK ON WAGES, PENSIONS, AND SERVICES

The imposition of austerity by the Beame administration, the state government, the banks, MAC, the EFCB, and the federal government has included two lines of attack: on city workers and on those people, primarily unwaged groups such as welfare recipients and students, who are most involved with city institutions. This is not to say that the rest of the working class in the city has been immune: the intensified counter-offensive has also included higher taxes, increased unemployment in the private sector, more expensive transit fares, and reduction in general services such as fire protection and libraries. But because the crisis of social control was primarily a result of the struggles of the city's employees, its "clients," and the students at its public schools, these groups have been the primary targets.

It is extremely difficult to determine with any accuracy the amount of expenditures the city has cut back and the number of employees it has actually eliminated since the beginning of the "get tough" moves in December 1974. A rough estimate is that in the course of the three-year plan ending in 1978, the administration will have eliminated more than a billion dollars in expenditures (not including interest payments). As far as layoffs are concerned, as of early 1977 the city had reduced its workforce by about 50,000 (through attrition as well as dismissals) from the 1974 total of about 300,000. This included approximately 13,000 public school teachers, 6000 hospital workers, 6000 police officers, 5000 CUNY faculty and staff members, 5000 welfare workers, 3000 sanitation workers, and 2500 firefighters. And there have been warnings of many more layoffs and eliminations of positions.

The first major act of opposition to the layoffs came on July 1, 1975 after Mayor Beame ordered the implementation of thousands of scheduled dismissals. The city's 10,000 sanitation workers staged a 100 percent effective wildcat strike, while hundreds of laid-off cops blockaded the Brooklyn Bridge and fought with on-duty cops, hundreds of firefighters called in "sick," and traffic controllers staged job actions during the rush hours. This overwhelming display of militancy turned out to be short-lived, however, as the police and firefighters decided not to strike and the sanitation wildcat ended with an agreement that amounted to the first in what would be a long series of city worker defeats. Nearly 3000 laid-off sanitation workers were rehired, along with 2000 cops and 750 firefighters; but the conditions for the rehirings were that the sanitation workers be paid with *\$1.6 million in union funds* and the others with the revenues resulting from tax increases approved by the state legislature. And these workers were soon laid off again anyway.

Following the imposition of the wage freeze, the next struggle of public workers involved public school teachers, who struck for a week in September 1975. Despite a great deal of defiance demonstrated

during the walkout, the teachers ended up with a contract that included no wage increase; only a single \$300 cost of living adjustment (COLA) for most union members; and the loss of 90 minutes a week in preparation time for some teachers. The Board of Education agreed to rehire 2400 teachers, but their salaries would be paid with the wages lost and the Taylor Law penalties to be paid by the rest of the union members (and the state supreme court later ruled that the teachers had to pay taxes on the lost wages!). Despite the meagerness of the contract gains, the pact was rejected outright by the EFCB because it was said to "gravely violate" the city's financial plan with its insufficient stipulations for higher teacher productivity. In addition, only ten days later, in the midst of the big October 1975 default scare, the trustees of the teachers union pension fund were pressured into purchasing \$150 million in MAC bonds "to help save the city."

The investment of pension funds has been one of the key elements in the offensive against city workers. In the course of the series of default and bankruptcy scares, the funds were made into the primary source of money to pay off the city's debts. The total investment by the five major funds of more than \$3.8 billion (of their \$10.7 billion total assets) has demonstrated how willing the union leadership has been to "help solve the crisis." This has turned city workers into involuntary partners with the banks and administration in taking responsibility for city finances, thus putting them in a position in which any further serious struggles could threaten their retirement money. And this has taken place while the financial junta has been working vigorously to reduce pension benefits. In February 1976 the EFCB eliminated the Increased Take-Home Pay plan, then Beame announced that steps were being taken so that the city could end its participation in the Social Security system (thus depriving city workers of federal retirement benefits), and at the end of June the state legislature voted to reduce pension benefits for new public workers and increase their required contribution into the funds. Furthermore, it was revealed that the city was neglecting to fulfill its full obligations for pension fund payments. A state commission headed by Otto Kinzel estimated in a March 1976 report that the city had underfunded the five major pension systems by *\$6 billion*.<sup>10</sup>

The first confrontation following the federal "bail-out" of the city involved the transit workers. Even before negotiations for a new contract began in 1976, the federal government indicated its intention of preventing the transit workers from making any advances by limiting the use of federal transportation funds for operating expenses (and thus for paying for wage gains). And after the Transit Workers Union (TWU) and the Transit Authority reached a last-minute agreement that included no basic wage increase but a 25 percent rise in the COLA, the Treasury Department pressured the EFCB to reject the pact and impose another which reduced the COLA increase and made it depend on increases in worker productivity. (The Treasury Department was obviously well aware of the fact that

in recent years more than a dozen audits of the Transit Authority by the state controller had found "gross examples of overtime abuses, absenteeism, loafing and poor productivity."<sup>11</sup>) Acting in what had become the typical manner of city union leaders, TWU head Matthew Guinan decided there was no need to submit the revised contract to a new membership vote.

The EFCB and the Transit Authority also used the situation to play off the demands of transit workers against those of transit users. While the original contract was being negotiated, transit chief David Yunch repeatedly warned that any wage gain would necessitate further increases in the fare. At the same time, officials suggested that one of the reasons wage increases could not be given was the widespread use of slugs and jumping of turnstiles by riders. In 1975 the TA admitted that about 140,000 people a day were avoiding the fare, and early in 1976 the head of the transit police proudly

**EFCB officials kindly recommended that 1199 accept a productivity agreement, adding that wherever public money was involved, worker sacrifices would now be necessary.**

announced that the figure had been reduced to 28,000 as a result of a terror campaign in which people arrested for fare-beating (close to 20,000 in 1975) were stripped and searched after being caught. There were even reports that a black man was shot to death by a transit cop when he tried to enter the subway through an exit gate.<sup>12</sup>

The federal role in imposing austerity was intensified after the transit "settlement" as negotiations were beginning on new contracts for most of the other city unions. Senate Banking Committee chairman William Proxmire urged the Treasury Department to end the federal loan program if the wage freeze were not strictly enforced and called for \$24 million in further reductions of worker benefits and the elimination of what remained of rent control. Treasury Secretary William Simon himself warned of dire consequences for violating the freeze (even with COLAs) and demanded a revision of the three-year plan and the extension of it through 1979. Thus the principle inserted in the transit contract -- that any wage gain be limited to COLAs and that these depend strictly on real increases in productivity -- became the federal government's requirement for the continuation of its "rescue" program. The leadership of the city unions accepted this policy with only a few half-hearted charges of "fiscal blackmail" and proceeded to join with the EFCB to implement the \$24 million reduction in labor costs through their participation on a newly-formed labor-management committee on productivity. Even the labor editor of the usually reactionary *New York Daily News*, Michael Patterson, indicated in a

news analysis that he was surprised at the extent to which the unions had "joined the mayor's management team." 13

The productivity policy even played a role when a group of private sector workers in the city went on strike to demand wage improvements in a new contract. During the 11-day walkout of District 1199 workers at 34 non-municipal hospitals in July 1976, the hospital administrators insisted that wage increases were impossible because the city government had indicated "it could not afford" to increase Medicaid payments to the hospitals. (The city at that time was paying about \$260 million in Medicaid subsidies.) EFCB officials kindly recommended that 1199 accept a productivity agreement, adding that wherever public money was involved, worker sacrifices would now be necessary. The union, which was seeking a ten percent wage increase, declined the offer and finally forced the hospitals to agree to binding arbitration; but the arbitrator's ruling, handed down two months later, provided only a 4.5 percent wage increase for the second half of a year-long contract and made some reductions in management's pension costs. Even so, the hospital administrators were disappointed and warned of the need for layoffs and closings of facilities.

The fiscal crisis atmosphere proved even more effective for those in power in August, when 18,000 workers at municipal hospitals went on strike to protest layoffs. As the walkout entered its second day, state officials announced an effective *reduction* in Medicaid reimbursements to city hospitals of about \$22 million a year. The strike ended after four days when the union agreed to give up \$10 million in COLAs for 1976. The 1350 laid off workers were reinstated, but two days later the Health and Hospitals Corporation (HHC) announced that as many as 3000 more workers would have to be laid off unless the \$22 million in Medicaid reimbursements were made up through productivity increases. The leadership of the union, Local 420 of District Council 37, agreed to join with the HHC on a productivity task force in order to save jobs.

This is where things stood for city workers in the fall of 1976. The EFCB, the federal government, and the rest of the financial junta had managed through outright money manipulation to bring to a virtual halt the wage gains of city employees and to reimpose the strict correlation between wages and productivity that had been smashed by the struggles of the 1960's. And even then, there was no guarantee given that increased productivity would lead to increased wages (actually, only COLAs). Through massive layoffs and attrition, the junta had also imposed a severe intensification of the work of city employees and used the huge investments of pension funds in city notes and bonds to make struggle by those employees a very risky endeavor. Throughout all of this, the role of the union leadership became one of helping to implement the austerity, indicating that those in power had succeeded in one of their major goals in the intensified counter-offensive: to transform the union leadership from a lever used by workers to pry loose more money, as *Fortune* magazine phrased it back in 1968, to a lever to be used by capital to pry loose and destroy the power accumulated by city workers.

There were some signs in September 1976 that this

transformation might be undermined by police officers, who held numerous militant demonstrations against deferred raises and changes in their schedules that required an additional ten days of work a year. There were some tense moments as large groups of off-duty cops (still carrying their guns) staged noisy protests outside Police Commissioner Michael Codd's home, encouraged bands of youths who were mugging people outside the Muhammed Ali-Ken Norton heavyweight championship fight at Yankee Stadium, and blocked traffic on Fifth Avenue outside Jimmy Carter's New York campaign headquarters. In the end, the cops won back their six percent wage increase for 1975 and got the city to modify the schedule change, but there was no momentum built up for a general offensive against the austerity.

#### ***THE ATTACK ON EDUCATION, HEALTH, AND WELFARE***

The financial junta's assault on the City University has followed much the same pattern of seeking higher productivity -- in this case from students as well as faculty and staff. After the \$32 million cut ordered by the MAC in the summer of 1975, the Board of Higher Education (BHE) agreed in December to cut its budget for the upcoming spring term by \$55 million, a move that was said to require a month-long payless "furlough" for CUNY employees. At the same time, the BHE effectively ended the policy of open enrollment by instituting a "minimum academic standard" for admission, in addition to a high school diploma.<sup>14</sup> (This standard later became one of being in the top three-quarters of one's graduating class.) In the spring of 1976 CUNY officials made various threats concerning the closing or merging of a number of colleges, but these plans were constantly modified and delayed because of militant student protests. Yet, the BHE did impose a qualifying examination for students to pass from the sophomore to the junior year, and, after closing down the entire CUNY system for 12 days, the board ended the 129-year-old tradition of free tuition for undergraduates, instituting annual charges of \$750 for freshmen and sophomores and \$900 for juniors and seniors. Meanwhile, the faculty was forced to forgo wage increases and to defer until 1978 two weeks' pay. Then, in order to implement a \$69 million retrenchment program mandated by CUNY chancellor Robert Kibbee to comply with EFCB demands, the various colleges began drawing up plans for laying off as much as one-fifth of their faculties, including, for the first time, tenured professors. All of this took place under the shadow of the announcement by the city government that it intended to end its \$92 million contribution to the senior colleges in 1977 and leave the financing to make up only \$40 million of this figure, thus setting the stage for further cutbacks and layoffs, as well as major structural changes in CUNY to make it serve more effectively the new labor requirements of business in New York.

It has been in the area of welfare and Medicaid that the financial junta has been most cautious about making wholesale cuts, since they obviously recognize the extreme volatility of this situation. Throughout 1975 and 1976 the main attention given to this area was in a series of studies by various government and business groups --

including the Temporary State Commission to Revise the Social Service Laws, the Citizens Budget Commission, and the Regional Planning Association -- which all reached the conclusion that welfare payments were too high and that there thus continued to exist "disincentives" to working at (low) waged jobs. The Temporary Commission even found that despite wage increases in the private sector, the total of welfare payments and subsidies was still higher than the average wage, while a RAND Corporation study discovered that the total value of payments and services received by welfare families was often as much as 20 percent higher than both annual pay at the minimum wage and the federal poverty level.<sup>15</sup> This residue of power from the struggles of the 1960's clearly had to be attacked. There was an attempt in the state legislature in 1976 to reduce welfare payments by ten percent; but the junta decided to move forward in a manner that was less blunt.

One of the first steps involved the appointment of J. Henry Smith, retired chairman and chief executive officer of the Equitable Life Insurance Company, as head of the city's Human Resources

## The clear intention of the campaign to track down "runaway" fathers was to undermine the "fiscal abandonments" and reimpose the discipline of the family on men and women alike.

Administration. Smith, who brought with him a reputation for being a ruthless administrator, proceeded to shake up the welfare bureaucracy itself, seeking to solve the problem of low productivity among social service workers.<sup>16</sup> At the same time, the city and state were proceeding with two quiet but intensive federally sponsored campaigns: first, a drive to eliminate "ineligibles" from the welfare rolls, a drive which reportedly lowered "ineligibility" in the city to 10.5 percent in 1975, down from 18.3 percent in 1973. The second, and more crucial, campaign has consisted of an effort to track down absentee fathers and force them to assume financial responsibility for wives and children of welfare. The federal government threatened to withdraw about \$50 million in welfare reimbursements unless the city recovered that same amount through establishing paternity and imposing child-support payments on many of the estimated 300,000 *runaway fathers in the city*.<sup>17</sup> The clear intention was to undermine the "fiscal abandonments" that have worked to the advantage of both husbands and wives, while simultaneously reimposing the discipline of the family on men and women alike.

Then, in early 1977, those in power appeared to be moving forward with a more direct assault on benefits. Governor Carey's proposed state budget for the 1977-1978 fiscal year included a \$200 million reduction in welfare and Medicaid expenditures. The

Medicaid cut involved the elimination of a broad range of health services, while Carey threatened to carry out the slash in welfare appropriations through the imposition of a 45-day limit on home relief payments to "employable" people without children. (Home relief -- a form of welfare not supported by the federal government -- mainly covers people who have exhausted their unemployment benefits.) Several days after the presentation of the proposed budget, State Social Services Commissioner Philip Toia, apparently feeling pleased with the attack on "welfare parasites," suggested that the state return to the "soup-line concept" in dealing with the poor.<sup>18</sup> Nevertheless, the important development that the New York financial junta was awaiting was the emergence of the national welfare strategy of the Carter Administration, especially concerning the proposed creation of a standardized income maintenance system under the direct control of the federal government.

This completes an account of the more important aspects of capital's intensified counter-offensive in New York. This long string of defeats for the working class in the city has dramatized the determination with which business and government have sought to undermine the power accumulated in the struggles of the previous 15 years. What has been remarkable -- though perhaps not so surprising, given the extraordinary measures used -- has been the relative ease with which those in power have implemented the conditions of austerity. This is not to say there have been no resistance and no constraints on the actions of the financial junta; but the situation has been such that even the strongest cases of resistance have been transformed into additional instances of defeat. The two most notable examples of this phenomenon have been the massive rent strike at Co-Op City and the struggle over the "People's Firehouse."

#### THE LIMITS OF RESISTANCE

Co-Op City is a huge housing project (the largest in the U.S.) of about 60,000 people in the Bronx that was built as part of the Mitchell-Lama Program, an arrangement in which the state provided real estate tax subsidies to promote the construction of middle-income housing. The residences are not actually cooperatives, and the State Housing Division is essentially the landlord. In May 1975, in the midst of the early stages of the "debt crisis," the state announced a 33 percent rent increase, which was to be the first in a five-step hike totaling 100 percent -- said by officials to be necessary to compensate for sharply rising mortgage and bond-interest costs. The strike began the following month, and for the next 13 months nearly 90 percent of the families in the project handed over their monthly checks to a steering committee. The strike -- undertaken in the midst of capital's fiscal assault, including the continuation of the weakening of rent control -- drew a tough response from the financial junta: rent money deposited in a bank by the steering committee was impounded, an injunction and \$5 million in contempt-of-court fines were imposed against the committee, and the state threatened to foreclose on Co-Op City's \$436 million mortgage. And when the tenants wanted to

end the strike, the only option open to them was to agree to an arrangement in which they would be given effective control over the project for six months in order to determine for themselves whether the rent increases were "necessary." In other words, what the tenants had won was the right of *self-management of austerity*: the conditions of the intensified counter-offensive had been so effectively established that -- in this case at least -- the financial junta no longer needed to exercise direct coercion. The handing over of \$20 million (68 carton boxes full of checks) by the steering committee to the State Supreme Court after the settlement of the strike symbolized the new situation in the city: the flow of money (and power) was now from the working class back to capital, a direct reversal of the movement generated during the struggles of the 1960's. Perhaps the fullest impact of the dilemma of the Co-Op City tenants -- the dilemma of having to impose austerity on themselves -- came two months later, when the maintenance and security staff at the project went out on strike for higher wages. The walkout ended after several days, with the tenant managers agreeing to a moderate pay increase; but the situation indicated the extent to which the working class of the city had been reduced to a position in which it was capable of little more than the *redistribution of poverty*.<sup>19</sup>

A related sort of defeat resulted from the struggle surrounding the "People's Firehouse." When the city administration -- in the midst of closings of numerous hospitals, libraries, and other facilities -- attempted in November 1975 to eliminate Fire Engine Company 210 in the Northside section of Brooklyn, community residents began a round-the-clock occupation of the building. After more than a year's occupation by the residents -- during which time they renamed the facility "People's Firehouse" (though the occupiers never went out to fight any fires and the engine itself never left the building) -- the city capitulated. But the terms of the agreement did not include the reinstatement of Company 210; instead, it involved the transfer of Rescue Company No. 4 from the Maspeth section of Queens to Northside. The occupiers declared it a victory nonetheless, while the residents of Maspeth obtained an injunction in State Supreme Court against the transfer. As of this writing, the issue had not been settled; yet what seems clear is that the Northside struggle, like that at Co-Op City, failed to subvert the conditions of austerity and was thus reduced to a matter of the allocation of scarcity.

Aside from the difficulties of resisting austerity demonstrated in these two cases, a major problem in the formulation of a strategy of resistance is the ambiguous character of many of the services being cut back. Most everyone is opposed to reductions in fire protection, public health care (such as it is), and garbage collection -- though firefighters, hospital employees, and sanitation workers usually are unwilling to do more work at lower pay to make up for the cutbacks. Yet, is everyone opposed to police cutbacks that mean reductions in political surveillance or harassment of prostitutes? Is everyone opposed to Welfare Department staff cutbacks that (in some cases)

result in a loosening of eligibility requirements? Is everyone opposed to CUNY cutbacks that necessitate the cancellation of required, non-credit "remedial" classes? The problem is that what are usually lumped together under the rubric of "services" are actually some very different sorts of functions, many of which serve business and government much more than they serve the working class. Most of the functions of police and social workers, for instance, are outright forms of social control. "Services" such as the public schools and

## In the place of the circulation of victory exhibited in the interaction of city workers and city "clients" in the 1960's we are faced with the circulation of defeat.

colleges are engaged in the process of socialization as they try to mold young people to fit the labor requirements of business and government. Finally, there are mixed cases: the transit system, for example, is primarily designed to get people to their waged jobs (which was made quite clear in 1976 when transit officials investigated the possibility of shutting down the subways on the weekends), but millions of people depend on it in all of their activities.

Given these ambiguities, it is perhaps less surprising that there haven't been more violent reactions to cutbacks. Young people who have been tearing up the schools or not showing up at all are not about to protest when the city decides to shorten the schoolday by 30 minutes or shut down facilities altogether. Ghetto residents trying to survive by various hustles on the street are not about to protest when the city reduces police patrols. And, for that matter, it is likely that none of us is prepared to protest unequivocally when the city closes hospitals that have reputations for doing more harm than good to their patients. What all this indicates is that the nature of the intensified counter-offensive has caused the divisions in the working class to once again begin to work to the advantage of capital. No longer do the autonomous struggles of the different sectors of the class in the city result in more power for each vis-a-vis capital. In the place of the circulation of victory exhibited in the interaction of city workers and city "clients" in the 1960's we are faced with the *circulation of defeat*. No group has been unaffected by the austerity, so controversies over the "racist" or "sexist" nature of the layoffs and cutbacks miss the whole point of what is happening and only serve to accelerate that circulation.

### THE FUTURE OF AUSTERITY

The above has clearly done a lot more to illustrate what an effective response to austerity *is not* than it has done to show what

one is. The difficulty in doing the latter is that the initiative at this time is still with capital, so we must devote much of our energy to reassessing the likely plans of the junta for the future of austerity.

Yet, this too is no simple matter, for the direction of the plans has not been at all clear. On the one hand, there have been numerous indications that they may opt for a prolonged period of underdevelopment and austerity. Rohatyn, for example, has warned that "the pain is just beginning" and that in coming years New York will have to undergo "the most brutal kind of financial and fiscal exercise any community will ever have to face."<sup>20</sup> Deputy Mayor John Zuccotti has declared that "the era of the politics of plenty is closed, replaced by the politics of scarcity."<sup>21</sup> And as this is being written, the banks are pressuring the city to accept the creation of a permanent "watchdog" agency for municipal finances after the authorization for the EFCB expires in 1978. Moreover, there have been moves by the junta to push its assault on wages to the limit through the promotion of volunteerism (free work). The *New York Times*, in an article entitled "City Seen Entering A Retrenchment Era," noted that Rohatyn envisions "a city with a vast army of civilian part-time volunteers relieving clerical workers in the Police and Fire Departments, hospital workers, and all kinds of administrative workers. 'The Mayor has got to tell the people we're at war,' he said. 'In a war you have volunteers, you have rationing.'"<sup>22</sup>

Yet, there have also been indications of plans to redevelop the city (though clearly on capital's terms). In 1976 Roger Starr, then the city's Housing and Development Administrator and now Henry Luce, Professor of Urban Values at New York University and a member of the editorial board of the *New York Times*, put forth the notion of "planned shrinkage" of the ghettos, meaning that the administration would concentrate cutbacks in those areas to hasten their depopulation and lay the groundwork for their eventual reconstruction into industrial centers. Starr later also came out in favor of a revival of the Resettlement Administration of the New Deal era in order to move (poor) people out of the center-cities and into places where "job opportunities" are greater.<sup>23</sup> Rohatyn has essentially endorsed the same scheme (while avoiding the controversial phrase "planned shrinkage") in his prescription: "Take a 30-block area, clear it, blacktop it, and develop an industrial park with the whole package of tax, employment, financing incentives already in place." He also has looked back to the New Deal, as well as to postwar planning and Kennedy's New Frontier, in his calls for a new Reconstruction Finance Corporation to carry out a new Marshall Plan for the "declining cities" and for an "urban peace corps" of young business executives to help "save" the cities of the northeast.<sup>24</sup> Beyond this, other officials have envisioned the expansion of New York's role as the preeminent "knowledge city" of the world, while various government and private committees (including David Rockefeller's Business-Labor Working Group) have been hard at work drawing up plans for attracting investment back to the city -- plans that will undoubtably include more measures like the

agreement of the New York construction unions to accept a 25 percent wage reduction for renovation work.

The ambiguity concerning development and underdevelopment is largely due to capital's uncertainty as to how successful it has been in permanently disciplining the working class in New York, and also to the tension between capital's desire to seek that discipline through

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underdevelopment and the extremely important role New York plays for world business. The city remains the global headquarters, financial, and communications center, and it contains enormous fixed investments in real estate and infrastructure, along with a specialized (albeit often uncooperative) labor force -- all of which could not be duplicated elsewhere without many years of upheaval in capitalism as a whole.

What this means is that as powerful as the New York working class may have become, capital cannot underdevelop the city much more. The people of the city are thus in a much stronger position than people in less crucial areas (for capital), who, when capital is forced to "move out," are left with nothing but *power over their own poverty*. The working class of the city thus has no choice but to build the struggle to gain power over the enormous wealth which is managed in New York. The publisher of the elite journal, *New York Affairs*, has candidly indicated the essence of the crisis by writing: "Whether or not the promises of social and economic entitlements of the 1960's can be rolled back to a lower order of magnitude without social upheaval is what is being tested in New York City..."<sup>25</sup> If nothing else is certain, it is clear that the final result of this test has not been determined yet.

February 1977

#### NOTES

1. For more on the underdevelopment of the northeast, see the six-part series in the **New York Times**, 8-13 February 1976; **Business Week** 17 May 1976; and **Empire State Report**, October-November 1976.

2. This discussion is largely based on Michael Lipsky, **Protest in City**

**Politics**, Rand McNally, 1970; and Mark Naison, **Rent Strikes in New York**, New England Free Press, reprinted from **Radical America**, November-December 1967.

3. This discussion is largely based on "Protest By the Poor: The Welfare Rights Movement in New York City," RAND Corporation study R-791-NYC, by Larry R. Jackson and William A. Johnson, August 1973; and Frances Fox Piven and Richard Cloward, **Regulating the Poor**, Vintage, 1972.
4. Cited in Elizabeth Durbin, **Welfare Income and Employment**, Praeger, 1969, p. 127.
5. First National City Bank, **Profile of a City**, McGraw-Hill, 1972, p. 41.
6. I. Ross, "Those Newly Militant Public Workers," **Fortune**, August 1968.
7. See Raymond Horton, **Municipal Labor Relations in New York City**, Praeger, 1973, especially pp. 105-106.
8. D. Cordtz, "City Hall Discovers Productivity," **Fortune**, October 1971.
9. See, for example, hearings before the House Ways and Means Committee, 11 March 1969, cited in **New York City in Crisis**, New York, 1975, p. 15-16.
10. For more on this issue, see Roland Delfausse, "The Pressing Need for Pension Reform," **New York Affairs**, I.1, 1973; Charles Holcomb, "The Pension Balloon is About to Burst," **Empire State Report**, May 1975; and **New York Times**, 3 May 1976.
11. **New York Times**, 20 October 1975.
12. See the **Guardian** (New York), 8 October 1975.
13. **New York Daily News**, 2 July 1976; on the productivity policy, see also **New York Times** 23 May 1976 & 17 July 1976; **Business Week**, 14 June 1976.
14. For background on CUNY and the struggles over open enrollment, see **Crisis at CUNY**, produced by the Newt Davidson Collective, New York, 1975.
15. **New York Times**, 28 November 1975 & 29 September 1976.
16. For more on this "problem," see **New York Times**, 17 October 1975.
17. **New York Times**, 16 September 1976 & 24 January 1977.
18. **New York Times**, 21 January 1977.
19. For more on the Co-Op City struggle, see **New York Post**, 31 January 1976; the **Guardian** (New York), 4 February 1976; **New York City Star**, 15 February 1976.
20. **New York Times**, 10 December 1976.
21. **New York Daily News**, 3 January 1976.
22. **New York Times**, 2 February 1976.
23. See **New York Times**, 3 February 1976; and **New York Times Magazine**, 14 November 1976.
24. See **New York Daily News** 7 March 1976; and **New York Times** 16 March 1976 & 12 November 1976.
25. L.D. Solomon on "op-ed" page of **New York Times**, 21 February 1976.

## LETTERS

To ZEROWORK:

In all honesty, I have not read another journal in the last several years which has excited me so much. All the essays were characterized by a lucidity and concreteness which I found refreshing. In addition, there is a marked tendency to do several things that I like a great deal: 1) focus on the activity of the class rather than sniping at "left" groups (while recognizing that they all want to put people to "work" !); 2) connect the activity of the class to changes in the political-economic organization of society in a concrete fashion; 3) attempt to draw out from various struggles the significant common elements; 4) understand the class in terms of its own activity, rather than some external standard; 5) avoid the usual prattle about "revolutionary class consciousness"; 6) understand the class as a product of its own activity as well as a product of social conditions. These features I found common to all the articles. I also have some criticisms that apply to all of the first issue.

The main problem is the notion that Capital has a "strategy" and the working class has one as well. You are not the first people to talk in such terms, and I have always been somewhat uneasy with this idea. To a large extent, capitalism still operates "behind the backs" of active human agents. The notion of "strategy" as a coherent plan made in advance and then put into operation implies more control and volition than I think exists today.

It seems to me that there are two sides to this problem, theoretical one and a practical one. On the level of theory, the notion of strategy (unless it is made much more precise) flies in the face o Marx's argument that one of the fundamental features of the capitalist mode of production is the lack of conscious collective contro of the economy exercised by the capitalists. The laws of the system express themselves through competition: all decisions are modified after the fact, i.e. through the exchange of commodities on the market after they have been produced. If you want to argue that this no longer characterizes the capitalist mode of production, or that it has been seriously modified — both in itself and in relations to other features of the system — this has to be done explicitly and rigorously. I would still argue that this feature of the system as a whole, both within the national context and on a worldwide basis, still holds sway. I am not saying that we must be true to Marx for the sake of "purity"; rather, if we wish to move beyond his analysis (and in some areas we must), this must be done openly and systematically. Domestically and internationally, capitalism is still marked by disproportions, over-production, over-accumulation, wasted labor, and so on. It can only regulate itself through the market

— which implies a belatedness to every "strategy," even more so, perhaps, at the present level of the development of the productive forces.

On the practical level: if you wish to argue that Capital has a strategy, you must specify how this strategy is formulated and who is doing it. Here we run into the questions of the state, the multinational corporations, etc. The relationships among the various capitalist agencies and institutions must be spelled out, along with the process by which decisions relating to this strategy can be implemented on a systemic level. The implication of the Carpignano essay, at least, is that the state is the locus of this strategy. To the contrary, I see the state still as a dependent factor in the capitalist system (private capitalism, that is; the question of state capitalism remains unclear): while it has a vision of the needs of the system as a whole, it can only operate within clearly defined limits. (Here I urge you to read Paul Mattick's *Marx and Keynes: The Limits of the Mixed Economy*.) The state must function as a prop of the private sector, trying to support the production of surplus value in that sector while also absorbing the surplus working population which is no longer needed in that sector. But in performing the latter task, it must be careful not to compete with the private sector; and while remaining a prop for the private sector, it can also not help becoming a drain on the social surplus value produced in that sector. To argue that the state — or capital — has a strategy would imply an understanding of the foundations of the capitalist mode of production (in particular, the sources of profit) that is clearly beyond the scions of capital.

As for the working class having a strategy, many of the above criticisms are also appropriate. Here again we must be precise: what is the aim of this strategy? What are the means it recognizes as the path to those aims? Where and how is this strategy formulated? How is this strategy then generalized throughout the class? On the first two questions: I think we can safely argue that there has been a unifying thrust to much working class activity in the past decade — an attempt to increase income without performing more work. The means, of course, are strikes, slowdowns, sit-ins at welfare offices, sabotage, etc. But can we call this a strategy? I lean toward the notion of a thrust of activity: longrun goals are seldom articulated or clear, relationships between goals and means are not explicitly recognized (the sources for no small part of the activity described in ZEROWORK is not always an attempt either to increase income or decrease productivity), and the implications of all this — that to realize the goal of a total separation of work and income would mean the end of the capitalist system as we now know it — are not seen. Finally, I am politically uncomfortable with the notion of "strategy" in relation to the working class because it can so easily be used to justify the specialized activity of a specific group of people — those who will formulate the strategy for the class. This is not to argue that your analysis includes or implies the existence or the attempt to bring into

existence such a group. For me, the proletariat movement develops itself through its successes and failures, through accumulated experiences, new social relationships, and new sets of ideas. This process is far from resting at any sort of final stage now. Individuals or groups of individuals may be able to articulate a strategy now, both for the short- and the long-run. However, no matter how directly this is linked to the experience of the class, this can only remain partial and incomplete. To freeze it is to turn this strategy first into a "program" and second into an ideology. And this can only become a stumbling block to future self-development of the proletarian movement. I am not arguing that you are doing this — if I thought so I wouldn't be writing this letter. Rather, I simply want to point out what strikes me as a potential political danger in this sort of analysis.

Another problem in ZEROWORK is the over-emphasis on money and work in the depiction of working class struggle. Much more attention must be paid to the self-organization of these struggles, to the new social relationships and ties developed in them, and to the movement towards the "autonomy" of the class. The struggles must be placed in a framework larger than the workplace, namely, capitalist (or bourgeois) culture as a whole, as well as working class culture, if there is still such an animal. Some people have said to me that the struggles described in ZEROWORK fit within the "consumerist" logic of the system. Now, I don't think so, but this is a problem that should be confronted. Where, how, do these struggles threaten to "burst the integument" of the system as a whole? What are the possible dangers of the recuperation of the system? What new relationships do the struggles imply between "work" and "leisure?" And so on. Are there limits to workers' demands for more income?

I really do have to end here. I look forward to your collective responses to these issues.

Fraternally, Pete Rachleff Pittsburgh

To ZEROWORK:

I think you must consider very closely the meaning and implications of the statement on page 4 that "the struggle has obliterated any distinction between politics and economics, the distinction that previous phases dominated conceptions of a revolutionary organization." I think this particular statement is vital because it encapsulates the substantive position and the tasks of ZEROWORK and many others. I don't think the articles show how the class struggle has brought about this obliteration: what I think they do is present analytical material in terms of which the

relation of politics and economics can be understood concretely in this particular phase. Or if these terms will not suffice, they show how the real development of the class struggle has long superseded the categories through which it was concretely understood by the Second International and provide the materials for developing new categories for grasping "particularity" and "generality" in the present phase.

Your remark on politics and economics would be OK in my view if you went on to say that the struggle has created new distinctions which have yet to be overcome in theory and in practice. For if no "distinctions" exist, then the most immediate struggle of the class becomes a struggle against the capitalist mode of production as such. What is required is more than an "abstract" statement about the wage being a political as well as economic instrument of class oppression. The wage has always been an instrument of "political" control: once you escape from an objectivist understanding of economic categories, this is perfectly clear. The wage struggle always carries, therefore, a qualitative as well as a quantitative dimension. In the last phase of struggle this has become critical as the quantitative struggle could only succeed as a qualitative struggle which freed the wage from productivity. In turn, this meant challenging accumulation as the independent variable and substituting the wage — as a use-value — in its place. But does this development move the wage struggle from the sphere of economics to the sphere of politics, obliterating the distinction between the two? I think not: what I think it does is posit the economic content of political struggle — which the left has been quite unable to understand mainly because it is part of the crisis and not part of the struggle. In general, then, the articles in ZEROWRK present the materials through which the problem of political organization for revolutionary class struggle can be posed again concretely in terms specific to this phase. In other words, I see ZEROWORK and the other various initiatives around as reopening the classic questions of revolutionary theory and rescuing them from the limbo of sectarianism. To do this openly really does mean making some enemies, and there are tactical reasons why this might be difficult. But not doing so also has its price.

Let me add that my hesitation about the use of the concepts of composition/recomposition stems precisely from this point: that precisely because the categories embrace the totality of the struggle in its historical movement they can all too easily obscure the mediations of its elements at any particular phase in the movement. We need to be quite clear in the description of the crisis of Keynesianism, for it appears that the collapse of Keynesianism, brought about in the most general terms through a contradiction between workers needs and the methods capital imposed on the class for the satisfaction of those needs, has actually left capital without a strategy. In other words, its various tactical responses — unemployment, cuts in the social wage, runaway shops, etc. — do not add up to a

process through which working class struggles can be assimilated and transformed into a motor of capitalist development. Then, is the next phase of capitalism going to be one of chronic disequilibrium in which the various tactics adopted by capital — such as high organic capital development and high wages — don't constitute a coherent strategy in the Keynesian sense, but nevertheless cohere: an equilibrium of disequilibria? Are we entering a phase in which crisis is not just a tactic deployed by capital in order to instigate a recomposition, but a mode of existence of capitalism? This is really germane to your thesis: if it was through and against the Keynesian strategy that the class was able to develop an autonomy that generalized its particular struggles (obliterated the distinction between politics and economics), then the tactic of capitalist response is inevitably one of disaggregation. Moreover, it is perhaps possible that what the last phase had done is to deny capital the use of an explicit coherent strategy for some considerable period. Somebody once told me that Thomas Mann remarked that ambiguity was the highest achievement of the bourgeois mind: is it possible that what is now called crisis is their new strategy and that the bastards are perfectly equipped to manage it for a good few years to come?

Best wishes,  
Geoffrey Kay  
London

It is one of the greatest misunderstandings to talk of free, human, social work, or work without private property. "Work" is essentially the unfree, inhuman, unsocial activity, determined by private property and creating private property. The abolition of private property becomes a reality only when it is understood as the abolition of "work."